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Daily Report

China

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Daily Report

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General

PRC Reportedly Aims Nuclear Weapons at 'Soft Targets'

OW0611104194 Tokyo KYODO in English 1016 GMT
6 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 6 KYODO—China's limited nuclear arsenal is aimed at so-called "soft targets," big cities in enemy countries, a Chinese magazine says in a special issue.

ZHENGMING, banned from publication since this past summer, reported China's nuclear strategy, quoting He Zhaxiu, Chinese Academy of Sciences professor.

He is former secretary to Qian Xuesen, an honorary chairman of the China Association for Science and Technology who is known as the "father of nuclear missile development."

A copy of ZHENGMING's special issue on military affairs was made available to KYODO NEWS SERVICE recently.

Western military experts have conjectured China was employing this kind of nuclear strategy, given the level of China's economic and technological development, but it is the first time it has been acknowledged by an authoritative Chinese scientist.

Since the end of the Cold War, China has continued to ignore world opinion and carry on with tests of its nuclear warheads.

The goal of the testing, some military sources suggest, is to create smaller nuclear warheads while upgrading technology along with plans to strengthen a strategy of creating a nuclear standoff with the smallest possible arsenal.

He, who took part in the formulation of nuclear strategy, told the magazine that after China conducted its first nuclear test in 1964, it abandoned its plans to become a nuclear superpower.

He said that China decided that if it attempted to match the nuclear arsenals of the United States and the former Soviet Union, it would "sacrifice the level of life of the people and it would become an obstacle to economic construction."

In order to force a standoff with the limited number of nuclear weapons in its possession, China has decided it would not make a nuclear strike first but would target enemy locations deemed most difficult to defend.

These "soft targets," suggested He, would be hard to defend as concentrated population centers of economy and ordinary military power.

The scientist did not reveal how many nuclear weapons China has in its arsenal, but hinted at the need for

technological improvements to decide on the appropriate amount of nuclear firepower.

This would be based on an assessment of the survival rate of Chinese nuclear warheads following a first strike by the enemy, the rate Chinese missiles would hit targets, and the ratio of missiles that could penetrate enemy defenses.

He also said the recent rounds of nuclear disarmament undertaken by the U.S. and Russia have not led to any real reduction in nuclear arms.

He affirmed China's capacity to make a limited retaliation and explained that if the U.S. and Russia would reduce their arsenals, numbering more than 20,000 warheads each, by 1,000 to 2,000 warheads, China would be ready to respond through negotiations.

He explained further China's nuclear nonproliferation policies, saying that Beijing turned down several requests by friendly Southeast Asian nations for cooperation in developing an atomic bomb.

Further, an African nation has offered to buy nuclear weapons for 2 billion dollars, but China has turned down the offer as well, he said.

The magazine has been under a publishing ban for disclosing state affairs, including top secrets of the state such as plans for the construction of an aircraft carrier.

UN Security Council Comments on Various Issues

Affirms U.S.-DPRK Nuclear Accord

OW0511044894 Beijing XINHUA in English 0418
GMT 5 Nov 94

[FBIS Transcribed Text] United Nations, November 4 (XINHUA)—The United Nations Security Council said today the nuclear accord between the United States and the Democratic People's Republic of Korea (DPRK) is "a positive step" in maintaining peace on the Korean peninsula.

The council said in a presidential statement that the agreed framework between the two sides is "a positive step in the direction of denuclearizing the Korean peninsula and maintaining peace and security in the region".

Under the framework agreement signed last month, the two sides agreed to cooperate in replacing the DPRK's graphite-moderated nuclear plants with light-water reactors and move toward full normalization of their political and economic relations.

The council said that while it is pleased with Pyongyang's decision to remain a party to the nuclear Nonproliferation Treaty it hopes Pyongyang will comply with the safeguards specified in the treaty.

It hopes that the U.S.-DPRK framework agreement will help promote their dialogues.

Concerned Over New Angola Fighting*OW0511063694 Beijing XINHUA in English 0555
GMT 5 Nov 94*

[FBIS Transcribed Text] United Nations, November 4 (XINHUA)—The United Nations Security Council today expressed grave concern over the intensification of military operations in Angola, particularly around Huambo.

A statement issued by the Security Council said the operations put the lives of Angolan citizens at risk and jeopardize the completion of the peace process.

The council stressed that "any obstruction to the peace process would be unacceptable."

The council noted that leaders of both parties would have adequate opportunity to meet with their negotiating teams to prepare for the military talks scheduled to begin on November 10.

It urged the Angolan Government to allow resumption of flights to Huambo to enable the negotiating team of the National Union for Total Independence of Angola (UNITA) to consult with its leadership.

The Security Council "reiterates its demand to the parties to cease immediately military hostilities throughout Angola and to establish quickly an effective and firm ceasefire," the statement said.

The fighting near Huambo, headquarters of rebel force UNITA, escalated despite the initialing of a peace accord in Lusaka, Zambia, aimed at ending 19 years of civil war in the former Portuguese colony.

New UN Security Council Working Procedures Viewed*OW0511003694 Beijing XINHUA in English 0006
GMT 5 Nov 94*

[FBIS Transcribed Text] United Nations, November 4 (XINHUA)—The UN Security Council has agreed upon a set of working procedures, with the aim of improving its transparency and effectiveness, particularly in dealing with peace-keeping issues.

"Having regard to the increase in the number and complexity of such operations, it believes that there is a need for further enhancement for consultation and exchange of information with troop contributing countries," a presidential statement of the council said today.

According to the statement, the council will in the future follow a new 8-point procedure to improve its transparency and effectiveness.

Among others, it said meetings should be held as a matter of course between members of the council, troop contributing countries and the secretariat to facilitate the exchange of information and views in good time before

the council takes decisions on the extension or termination of, or significant changes in, the mandate of a particular peace-keeping operation.

The council also pledges ad hoc meetings in the event of unforeseen developments in a particular peace-keeping operation which could require its action. The meetings will be chaired jointly by the presidency of the council and a representative of the secretariat nominated by Secretary-General Butrus Butrus-Ghali.

For the sake of better communication, the statement said the monthly tentative forecast of work the council made available to member states would in future include an indication of the expected schedule of such meetings for the month.

Chinese UN envoy Li Zhaoxing told the council in a later formal meeting on the matter that the Chinese delegation held a positive and welcoming attitude to this statement.

He stressed its importance by quoting an ancient saying which goes: "One will be enlightened by listening to various views and benighted if heeding only to one-sided view."

"In order to make them to continue to play an active role, we must continue to act in a flexible and practical manner, genuinely strengthen links between the council and the UN member states, especially the troop-contributing countries," he said.

UN Delegate Li Zhaoxing Comments on Somalia*OW0411233794 Beijing XINHUA in English 2245
GMT 4 Nov 94*

[FBIS Transcribed Text] United Nations, November 4 (XINHUA)—The UN Security Council today decided to extend the mandate of the UN Somalia operation (UNOSOM II) for the last time and withdraw the 15,000-(?)standing peacekeepers by March 31, 1995.

In the unanimously adopted Resolution 954 the council decided that every effort should be made to withdraw all UNOSOM II military forces and assets from the country "in a secure and orderly manner" before the expiry date.

The troops, first deployed in 1992 to rescue Somalis from the famine and fighting which resulted in the deaths of hundreds of thousands of people with over one million people fleeing to neighboring countries.

Recognizing that the lack of progress in the Somali peace process and national reconciliation, in particular the lack of sufficient cooperation from the Somali parties over security issues, the council held that "continuation of UNOSOM II beyond March 1995 cannot be justified."

It affirmed that the primary purpose of UNOSOM II until its withdrawal was to facilitate political reconciliation in Somalia.

The council urged all Somali factions to negotiate as soon as possible an effective cease-fire and the formation of a transitional government of national unity.

It also reiterated the need for the observance and strict monitoring of the general and complete embargo on all deliveries of weapons and military equipment to Somalia, calling for the cooperation of neighboring states for the effective implementation of the embargo.

Delivering a statement at the council meeting, Li Zhaoxing, Chinese permanent representative to the UN, said the international community has come to realize more clearly that the key to the lasting settlement in Somalia lies in the Somali people themselves and the fundamental way out is the broadly-based national reconciliation which cannot be achieved by resorting to military means.

Though UNOSOM II has to leave Somalia, Li said, the international community, the United Nations should strengthen its efforts of peaceful mediation and the international humanitarian assistance should not come to a halt. The Chinese ambassador also urged all Somali factions to cease all hostilities and earnestly implement the relevant Security Council resolutions and realize national reconciliation at an early date.

Seven New Ambassadors Present Credentials

OW0511092194 Beijing XINHUA in English 0852
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Chinese President Jiang Zemin today accepted credentials presented by seven newly-appointed ambassadors to China.

The new ambassadors are Abdelhamid ben Messaouda of Tunisia, Cheikh Sid Ahmed Ould Babamine of Mauritania, Vladimir Viliam Klimo of Slovakia, Romualdo A. Ong of the Philippines, Raul Alfredo Estada Oyuela of Argentina, Lebohag K. Moleko of Lesotho and Ashraf Tehangir Qazi of Pakistan.

United States & Canada

Vice Premier Li Lanqing Meets U.S. Officials

Meets President Clinton

OW0411144694 Beijing XINHUA Domestic Service in Chinese 0821 GMT 4 Nov 94

[By reporter Ying Qian (2019 6197)]

[FBIS Translated Text] Washington, 3 Nov (XINHUA)—U.S. President Clinton met on 3 November at the White House with Li Lanqing, vice premier of the State Council and head of the Chinese Government delegation. President Clinton expressed warm welcome to Li Lanqing's visit to the United States, and applauded

the efforts made by the Chinese Government and Li Lanqing himself to develop U.S.-Chinese relations.

Vice Premier Li Lanqing conveyed President Jiang Zemin's and Premier Li Peng's regards to President Clinton, and President Clinton expressed his thanks for the regards and asked Li Lanqing to convey his regards to Jiang Zemin and Li Peng.

During the meeting, Li Lanqing said he was very happy to see that, over the past year and more, especially since President Jiang Zemin and President Clinton met in Seattle in November last year, positive progress [ji ji de jin zhan 4480 2817 4104 6651 1455] had been made in Sino-U.S. relations, due to the concern of leaders of the two countries and the common efforts they had made. In mid-November, President Jiang Zemin will meet President Clinton again in Indonesia. Li Lanqing said he believed that the upcoming meeting will definitely have positive effects on Sino-U.S. bilateral relations.

Li Lanqing said the Chinese Government attaches importance to developing its relations with the United States, and has always placed relations with the United States in an important position in China's foreign relations. He also said the Chinese Government "has always maintained that both China and the United States should handle their relations from a long-range and strategic perspective." He added: "My current visit to the United States is exactly aimed at forcefully promoting Sino-U.S. relations, especially economic and trade relations between the two countries. I am full of confidence in achieving this goal."

President Clinton said he was looking forward to meeting with President Jiang Zemin in Indonesia to jointly advance the development of U.S.-Chinese relations. He wished Vice Premier Li Lanqing's visit success.

Shi Guangsheng, vice minister of Foreign Trade and Economic Cooperation; and Li Daoyu, Chinese ambassador to the United States, were present at the meeting.

Further on Clinton

OW0411163794 Beijing XINHUA in English 1618
GMT 4 Nov 94

[FBIS Transcribed Text] Washington, November 4 (XINHUA)—U.S. President Bill Clinton Thursday [3 November] expressed his appreciation for the efforts made by the Chinese Government to improve relations between the two countries.

Clinton made the remark during a meeting with visiting Chinese Vice-Premier Li Lanqing at the White House Thursday.

Li said he is glad to see that progress has been made in Sino-U.S. relations during the past year, especially after Clinton and Chinese President Jiang Zemin held talks last November in Seattle.

Jiang is scheduled to have another meeting with Clinton in Jakarta, the capital of Indonesia, during the APEC (Asia-Pacific Economic Cooperation) summit in mid-November. The Chinese vice-premier expressed the belief that the meeting will have a positive impact on bilateral relations.

Li said that the United States and China should view bilateral relations from a far-reaching and strategic angle, and that their trade relations are of particular importance.

In response, Clinton said he is looking forward to meeting Jiang and promoting Sino-U.S. relations.

Li gave best regards to Clinton on behalf of Chinese President Jiang Zemin and Premier Li Peng. In return, Clinton asked Li to extend his regards to Jiang and Li.

Vice-Minister of Foreign Trade and Economic Cooperation Shi Guangsheng and Chinese Ambassador to the U.S. Li Daoyu also attended the meeting.

Li Meets Brown, Kantor, Bentsen

OW0511112194 Beijing XINHUA Domestic Service in Chinese 1159 GMT 4 Nov 94

[By reporter Ying Qian (2010 6197)]

[FBIS Translated Text] Washington, 3 Nov (XINHUA)—On 3 November, visiting Chinese Vice Premier of the State Council met with U.S. Secretary of Commerce Brown, Trade Representative Kantor, and Secretary of the Treasury Bentsen, respectively, and exchanged views with them on developing Sino-U.S. bilateral relations, Sino-U.S. economic and trade relations in particular.

At meeting with Brown, Li Lanqing briefed him on Sino-U.S. trade in the first three quarters of this year. He noted that during that period, China's imports from the United States and China's exports to the United States were up more than 40 percent and 20 percent, respectively, over the same period last year. Li Lanqing pointed out that China and the United States do not have fundamental conflicts of interest, that the complementary nature of the two countries' economic advantages is in accord with the interests of the two countries' people, and that some problems in the bilateral economic and trade relations can be completely solving through friendly consultations.

Brown happily recalled his visit to China this past August as the head of a delegation and thanked the Chinese Government for its warm hospitality. He spoke of support for China "regaining its position in the GATT" and joining the World Trade Organization [WTO] and hoped that China will realize that goal as early as possible. He also positively affirmed China's progress in the area of protecting intellectual property

rights and hoped that China will make greater efforts in enforcing the laws and regulations on protecting intellectual property rights.

Li Lanqing and Kantor exchanged frank views in their meeting, focusing on the issue of China "regaining its position in the GATT," Kantor said the talks on China "regaining its position in GATT" are an economic issue, not a political one. He insisted that China must meet U.S. conditions on bilateral and multilateral issues which are of concern to the United States before the United States will agree to solve the issue of China "regaining its position in GATT."

Li Lanqing stressed that China "regaining its position in GATT" is part of China's reform and opening up policy and that China and GATT need each other. He appreciated the Clinton administration for reaching a decision this year on solving the issue of most-favored-nation status for China and hoped the issue of the "regaining its position in GATT" will be solved on this basis so Sino-U.S. trade relations will be established on a firmer foundation. He reiterated that as China is a developing country, it is unrealistic for the United States to insist that China undertake the obligations of a developed country.

Li Lanqing appreciated the positive role played by Treasury Secretary Bentsen's in solving the issue of China's most-favored-nation status. He spoke of the very great significance of the solution of this issue since it has helped remove a major obstacle in the development of bilateral economic and trade relations. He also pointed out that removal of obstacles in the development of trade between China and the United States is not only in [words indistinct] the fundamental interests of the two peoples, but will also contribute to regional cooperation as well as to world peace and stability.

Meets Al Gore

OW0511113094 Beijing XINHUA Domestic Service in Chinese 0929 GMT 4 Nov 94

[By reporter Ying Qian (2019 6197)]

[FBIS Translated Text] Washington, 3 Nov (XINHUA)—U.S. Vice President Al Gore met with visiting Chinese Vice Premier of the State Council Li Lanqing on the afternoon of 3 November. During the meeting, U.S. Vice President Al Gore pointed out that the United States hopes to establish constructive relations with a strong, prosperous, and opening China.

Al Gore expressed his satisfaction over the success achieved through mutual visits at a high level between China and the United States. He exchanged views with Li Lanqing on cooperation and contacts between the two countries in the field of environmental protection amid a friendly atmosphere. He hoped that the two countries would cooperate in this field, and Li Lanqing agreed with his views and noted that such cooperation would benefit both countries.

Al Gore also hoped that China would support trade liberalization at this year's Asia Pacific Economic Cooperation [APEC] conference. Li Lanqing said that China supports trade liberalization as a long-range goal. He said: However, only when China becomes a member of the GATT and the World Trade Organization can China take part in discussions related to liberalization. He also pointed out that, in discussing the question of trade liberalization, it is necessary to take the different levels and features of development of various countries into consideration and no uniformity should be imposed.

Touching on China's "restoration of its status in GATT," Mr. Gore said that the United States supports "restoration of its status in GATT" for China. But he also said that China should make further efforts to meet the conditions for the "restoration of its status in GATT." Regarding this, Li Lanqing emphatically pointed out that China is a developing country, that China is carrying out reform and opening up step by step, and that it is inappropriate to put excessively high demands on China for the "restoration of its status in GATT."

Li Ruihuan Meets U.S. Entrepreneurs

OW0511101594 Beijing XINHUA in English 0945
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Li Ruihuan, chairman of the national committee of the Chinese People's Political Consultative Conference (CPPCC), met here today with Wai-jen Jeffries, president of the Key International of the United States.

Li appreciated the efforts Jeffries has made in promoting the relations between China and the U.S.

Generally speaking, he said, the Sino-U.S. relations have been advancing in difficulties and turns over the past few years.

Developing Sino-U.S. friendship and cooperation conforms to the interests and aspirations of the two peoples and to the historical trend as well, he said.

Li said that many overseas Chinese and businessmen of medium and small sized enterprises of the U.S. have done a lot for expanding bilateral ties and economic cooperation.

"We welcome large, medium and small sized enterprises of the U.S. to invest more in China and hope that they will make concerted efforts to give an impetus to bilateral ties," Li said.

Jeffries who is also honorary president of the Chinese Association of the U.S., said that she has come here as guest of the Key International Center for Research and Consultation of Tianjin with a view to conducting business talks with the relevant Chinese enterprises on new investment projects.

She described her company's cooperation with the Tianjin center as "very pleasant".

Deng's 1981 'Official Stand' on Sino-U.S. Ties Cited

HK0711105294 Beijing ZHONGGUO XINWEN SHE
in Chinese 0600 GMT 4 Nov 94

[Report: "Beijing Publishes 'Principled Stand on the Development of Sino-U.S. Relations'—Deng Xiaoping Expounds on the Stand on Behalf of the Chinese Government"]

[FBIS Translated Text] Beijing, 4 Nov (ZHONGGUO XINWEN SHE)—When meeting Anna C. Chennault, deputy minority leader of the U.S. Senate and vice chairman of the Presidential Export Committee, on 4 January 1981, Deng Xiaoping pointed out emphatically that since the normalization of diplomatic ties between China and the United States and between China and Japan was achieved after resolving the issue of Taiwan being an integral part of China's territory, then this issue would be a focal point concerning whether or not Sino-U.S. relations, Sino-Japanese relations, and China's relations with other countries would continue to develop.

The remarks, under the title of "Principled Stand on the Development of Sino-U.S. Relations," were made public for the first time in the recently published second edition of Volume 2 of the "Selected Works of Deng Xiaoping." In his remarks, Deng Xiaoping expounded on the official stand regarding Sino-U.S. relations on behalf of the Chinese Government.

Deng solemnly refuted the four views on Sino-U.S. relations which were prevailing in the U.S. press and among some people. He pointed out that if these views were not clarified, they might lead to a retrogression in Sino-U.S. relations.

The first view was that China is insignificant because of its weakness, poverty, and backward equipment, and hence a country that does not merit people's serious attention. This is not a minor issue, but an issue concerning judgment of the balance of strength in the world. As to the weakness and poverty of our country, we have never evaded this situation but have always talked about our country in this way. China has its advantages—boasting a vast territory and large population. However, it is really poor, and the equipment is really backward. We have a sober estimation of ourselves too. We have the merit of being large and, in addition, we disbelieve heresy. The Chinese always act according to their own views. Even though China is weak and poor, yet it dares to face reality on things that should be done by itself. Therefore, those who make erroneous judgments on China regarding its position in international politics will not acquire a correct global strategy.

The second view was that, at present, China has to look to the United States for help, while the United States need not ask China for anything. Such a view has

appeared in the U.S. press more than once. Over the past two years, we have done some silly things which have given people a false impression. Quite a few delegations went to the United States under such-and-such names without our effective control, and some members of the delegations were quite imprudent in their words and deeds. Originally, such visits were not necessarily bad, but they aroused some misconceptions that China was looking to others for help. We have been making economic readjustments recently, and we did not hesitate to publish our financial deficits, which demonstrates a kind of self-confidence. We have further determined that China must adhere to the principle of carrying out modernization mainly on the strength of self-reliance. China is very poor, but it has a strong point—a comparatively greater capacity for subsistence. In addition, its people are accustomed to leading a hard life. Today, even though all international channels are blocked, we can still survive. Given the tremendous turbulence and various kinds of unpredictable changes in the world now, the Chinese people can still get on with their lives. The judgment that China has to look to others for help will lead to making erroneous policy decisions.

The third view was that if the U.S. Government adopted tough policies against the Soviet Union, then China might tolerate [tun xia qu 0691 0007 0637] such issues as the Taiwan issue. No, it would not be the case. If such things did happen and Sino-U.S. relations were forced to go backward [dao tui 0227 6622] because of the Taiwan issue, China still would not tolerate it. Instead, it would certainly make appropriate responses. We say Sino-U.S. relations should not come to a standstill [ting zhi 0255 3333], still less should they go backward. However, if something happens such that our relations are forced to go backward, we will only face reality. To what extent relations will go backward depends on the force that causes the retrogression. It is not good to talk too much on this subject, but we must make clear that if the Taiwan issue leads to a retrogression in Sino-U.S. relations, China will only face reality and will not, as some people in the United States say, tolerate the Taiwan issue owing to its strategy of confronting the Soviet Union. This is impossible.

The fourth view was that the ideology that the Chinese Government has pursued is aimed at destroying governments such as the U.S. administration. This is not a view of the 1980's, neither was it one of the 1970's. Rather, it was one revived from the 1960's or even earlier.

Deng Xiaoping said in conclusion: Let me repeat, we sincerely hope that Sino-U.S. relations will not come to a standstill, rather they should be developed. We have paid close attention to the statements made by presidential candidates during their election campaigns and by the president-elect before he takes office. But we have some understanding of those statements. What we will take seriously are the actions adopted by the new government after it assumes power. What I have just said is all the official stand of the Chinese Government. In my

opinion, it is very important and necessary for American friends to clearly understand the official stand of the Chinese Government.

Official Urges U.S. To Support GATT Reentry Bid

HK0611041994 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Nov 94 p 1

[By Wang Yong: "U.S. Urged To Back Gatt Membership"]

[FBIS Transcribed Text] As China demands the substantive negotiations over re-entry into the General Agreement on Tariffs and Trade (Gatt) be concluded by year-end, the nation is calling for high-level, strategic support and foresight from the United States.

A senior Chinese official said in an interview with Business Weekly that U.S. policymakers should be aware that China's early access to Gatt will be good news to all.

"The U.S. should take stock of its medium and long-term commercial benefits in China, not just the short-term one," said Long Yongtu, Assistant Minister of the Ministry of Foreign Trade and Economic Co-operation.

Long reiterated that China's access to Gatt would benefit U.S. interests in the long run, though such effects may not be perceived from the outset.

He added that he hoped top U.S. officials would give earnest consideration to three key questions.

—Is China's Gatt access good for trade liberalization advocated by the Asia-Pacific Economic Co-operation (Apec)?

—Is Gatt membership good for promoting China's reforms and opening to the outside world?

—Should China be kept within the new multilateral trade system from the beginning?

He urged the U.S. to make the wisest, most thoughtful decisions.

Chinese Foreign Trade Minister Wu Yi and U.S. Trade Representative Micky Kantor are scheduled to hold three-hour talks in Jakarta, Indonesia, on November 12 during the informal Apec summit.

Long said he believed the talks would be substantive.

"At this critical time, we indeed need high-level support from both sides," he said.

Observers noted that the atmosphere for high-level contacts is coming together as Vice-Premier Li Lanqing visits the U.S. while Chinese and American leaders hold talks in Indonesia this month.

"We hope the U.S. will demonstrate the political will to boost China's access to Gatt. But this is not to say that China's Gatt re-entry is a political issue," Long

explained. "We agree that it is basically an economic issue, and that our final access must be established on a sound commercial basis."

Long said China is asking the United States to show the greater "political will" to make Gatt re-entry happen—the high-level, strategic determination to overcome remaining economic differences.

And as the deadline approaches, Long said it will be difficult to wind up negotiations if the parties remain deadlocked on tariff reduction and other technical issues.

He admitted that the U.S. remains the major target of lobbying efforts over Gatt re-entry. But he added that differences between the two sides are far from irreconcilable.

He also pointed out that China's 1.2-billion-strong market can hardly be tapped in full if China is kept out of Gatt.

In conclusion, Long underlined that, although re-entry into Gatt is important for China, there are even more important things for the nation.

He stressed that China will not let Gatt re-entry be used as a lever to cripple its infant industries, which by all measures cannot match those of the developed world. Moreover, the nation cannot risk massive unemployment at the hands of fierce world competition.

Economist Warns Exclusion From GATT To Damage Trade

HK0611041894 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Nov 94 pp 1, 2

[By Jin Man: "Exclusion May Harm World Trade"]

[FBIS Transcribed Text] Denial of Gatt access could turn China into a "900-pound gorilla" unbound by the marshaling forces of a world trading system, a senior Chinese economist predicted.

"Keeping China out of Gatt or the emerging World Trade Organization (WTO) would do no good for anyone," trade scholar Chu Xiangyin told Business Weekly in an exclusive interview.

Chu is Dean of the School of International Trade & Economics under the University of International Business and Economics in Beijing.

He was confident that China would sooner or later resume its contracting-party status in Gatt. Until then China will not be bound by Gatt rules.

"And that won't benefit the United States," Chu said.

He noted that as decentralization takes root in China, it would be hard for the central government to control localities with international rules if China is out of Gatt.

This will make it difficult for businesses from the U.S. and other countries to deal with Chinese partners, he posited.

On the other hand, he said, if China is admitted to Gatt in time, the U.S. and other Gatt contracting members would benefit in some specific ways.

Transnational corporations would find it easier to enter the Chinese market. Trade-Related Investment Measures (TRIMs) have been included in the latest Gatt agreement signed in Morocco in April. So if China rejoins Gatt, the country would automatically abide by the TRIMs.

Chu said this would benefit U.S. transnationals in particular, because they are intensifying investment in major Chinese cities such as Shanghai, Beijing and Guangzhou.

Moreover, "China is at a turning point in using foreign investment—massive investment from transnationals is being encouraged in place of the previously small scale of such investment," Chu said.

But he said there should be no difference between rejoining Gatt before the end of this year or any time later.

"The point is that China definitely will rejoin Gatt in the end, so a timetable is not so important," he said, suggesting that China wait for a proper chance for Gatt re-entry.

His view echoes that of Assistant Foreign Trade Minister Long Yongtu, quoted separately in this week's issue.

Long said that although re-entry into Gatt is import for China, the country has many more important items on its plate right now.

For the world, China's Gatt access is a two-way street: China is a beneficiary and in turn benefits others.

Chu noted that China's final access to Gatt would help the country's establishment of a socialist market economy.

Moving along this direction should be in the interests of all.

Failure to rejoin Gatt on schedule because of a block by the U.S., he said, could affect bilateral economic relations.

Canadian Prime Minister Chretien Arrives in Beijing

OW0511050194 Beijing XINHUA in English 0438 GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Prime Minister Jean Chretien of Canada and his party arrived here at noon today, starting his six-day official good-will visit to China.

Chretien's entourage includes minister Roy MacLaren of international trade and governors of 9 provinces.

This is Chretien's first China tour, at the invitation of Chinese Premier Li Peng.

Zhang Haoruo, chairman of the Chinese Government reception committee and minister of internal trade, Wang Changyi, Chinese assistant foreign minister, and Zhang Yijun, Chinese ambassador to Canada, were among those greeting the Canadian prime minister and his party at the airport.

Li Peng, Chretien Sign Accord

OW0711084094 Beijing XINHUA in English 0805
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Chinese Premier Li Peng and visiting Canadian Prime Minister Jean Chretien signed two documents on cooperation today.

They are an agreement between the two governments for cooperation in the peaceful uses of nuclear energy, and a letter of intent on Canada-China development cooperation projects between the two governments.

According to the letter of intent, the two sides will conduct cooperation in the projects of statistical information management, public policy choice and research, women's involvement in the development as well as guaranteeing women's rights and interests.

This morning, Aline Chretien, wife of the Canadian prime minister, visited a primary school and attended a tree planting ceremony there.

Li, Chretien Holds Talks

OW0711100494 Beijing XINHUA in English 0948
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Chinese Premier Li Peng today described the China visit by Canadian Prime Minister Jean Chretien as "an important page in the history of Sino-Canadian bilateral ties".

The visit will have far-reaching effects on the growth of relations between the two countries, said Li during the two rounds of talks with his Canadian counterpart here this morning.

Li noted that Chretien is heading the biggest mission ever from Canada, comprising nine provincial premiers and two territorial leaders and close to 400 business representatives. He brings with him the friendly feelings of the Canadians towards the Chinese people.

This fully shows that the Canadian prime minister places great importance on the development of Sino-Canadian relations, Li said.

He added that his small-scale talks behind closed doors with Chretien were very successful and have deepened mutual understanding and strengthened mutual confidence in the long-term cooperation between the two countries.

"I am sure that Chretien's China visit will achieve great successes," he said.

Chretien told the Chinese premier that the Canadian Government highly values its relationship with China. When former Prime Minister Pierre Trudeau made the decision to establish diplomatic ties with China, Chretien, as a member of Trudeau's cabinet, gave his full support to that decision.

He said that both Canada and China, which are members of the Asian Pacific Economic Cooperation organization (APEC), are willing to play positive roles in promoting peace and development in the region.

China is an important country in both the region and the rest of the world, and its rapid growth has won worldwide attention, Chretien said, adding that its prosperity will be beneficial not only to itself, but also to world peace and economic growth.

Chretien said that he was very pleased to note that during the past year, Canada-China trade and economic cooperation have covered a wider range of areas.

He said that Canada has advanced expertise in communications and transportation, energy and telecommunications, and added that he hoped to see further cooperation in these fields in the future.

"We intend to further explore possibilities of expanding bilateral cooperation in every field," he said.

Chretien said that Canada and China have shared many common interests and there are reasons and conditions for a better bilateral relations.

Several provincial premiers also spoke during the talks. They shared the belief that the Canadian local governments, like the federal government, attach great importance to developing a long-term relationship between Canada and China.

They said that some Canadian provinces have forged friendly ties with Chinese counterparts and conducted fruitful cooperation in the fields of energy, communications and agriculture.

Chretien reaffirmed Canada's support for the resumption of China's status as a signatory in the General Agreement on Tariffs and Trade (GATT), and for China becoming a founder of the World Trade Organization.

Li Peng said that China is a developing country with tremendous potentials while Canada is one of the major developed countries in the world and the two economies are mutually complementary.

During the talks, Chretien invited Premier Li to visit Canada next year. Li accepted the invitation with pleasure, saying that the specific date for the visit may be discussed through diplomatic channels.

Prior to the talks, Li gave a welcoming ceremony here for Chretien and Mrs. Chretien and their party.

Present on the occasion were Li Peng's wife Zhu Lin, Vice-Premier Zou Jiahua, Vice-Chairman of the National People's Congress Standing Committee Buhe, and Zhang Haonuo, chairman of the Chinese Government Reception Committee and minister of internal trade.

According to the schedule, this evening, Li will host a banquet in honor of the Canadian guests, who arrived here on Saturday for an official and goodwill visit to China.

Zou Jiahua Meets Visitors

OW0711103494 Beijing XINHUA in English 1008
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Chinese Vice-Premier Zou Jiahua met with Robert Nixon, chairman of the Atomic Energy of Canada Limited (AECL), and his party here today.

The AECL visitors are here at the invitation of the China National Nuclear Corporation.

Chretien Inaugurates Data Network

OW0611143494 Beijing XINHUA in English 1349
GMT 6 Nov 94

[FBIS Transcribed Text] Beijing, November 6 (XINHUA)—Visiting Canadian Prime Minister Jean Chretien cut ribbon, at an inaugurating ceremony, for China's national public digital data network here this evening.

The network, with nodes in China's 21 major provinces and cities, was supplied and installed by Newbridge Networks Asia Ltd, a subsidiary of Newbridge Networks Corporation of Canada.

Among those present at the ceremony were Yang Xianzu, Chinese vice-minister of posts and telecommunications, Roy MacLaren, Canadian minister of international trade, and Terry Matthews, chairman of Newbridge.

Northeast Asia

Vice President Rong Yiren Tours Kyoto, Osaka

OW0711050094 Beijing XINHUA Domestic Service in Chinese 1515 GMT 3 Nov 94

[By reporter Liu Wenyu (0491 2429 3768)]

[FBIS Translated Text] Osaka, 3 Nov (XINHUA)—Chinese Vice President Rong Yiren and his entourage continued their visit to Japan's Kansai area today.

In the morning, Rong Yiren and his party arrived in Arashiyama, Kyōto. Accompanied by Keiko Yoshimura, daughter of Magosaburo Yoshimura, and Harumatsu Uebayashi, president of the Kyoto Prefectural Japan-China Friendship Association, Rong Yiren and his wife Yang Jianqing paid a visit to and laid flowers on a tablet bearing a poem by late Premier Zhou Enlai.

In front of the tablet, Keiko Yoshimura briefed the guests on the process of its construction. Her father Magosaburo Yoshimura, who died in 1989, made contributions to the construction. She and her children have plunged into the cause of promoting Sino-Japanese friendship. She expressed the hope that the two countries and their peoples would befriend each other for generations.

In front of the tablet, Rong Yiren said: Premier Zhou Enlai came to Japan as a student in search of the truth of revolution; his poems and the process of erecting this tablet demonstrate that Sino-Japanese friendship has not been won easily. Mr. Yoshimura strived to have the tablet erected and made contributions to Sino-Japanese friendship. The Chinese people will never forget him. Although Mr. Yoshimura has passed away, the second generation has taken up the cause of promoting Sino-Japanese friendship in which he had been engaged, and the third generation is also working for Sino-Japanese friendship. Rong Yiren said this shows that China and Japan as well as their peoples will surely maintain their friendship for generations.

At noon, Governor of Kyoto Prefecture Teiichi Aramaki hosted a luncheon at the Arashiyama Pavilion near the tablet, to welcome Rong Yiren and his entourage to Kyoto. In a speech, he said: The construction of Kyoto was modelled on Changan city during China's Tang Dynasty in 794 [now known as Xian]; and it has been 1,200 years since Kyoto was made capital of Japan. To mark this event, various kinds of celebrations, including the "exhibition of Changan during the Tang Dynasty," are being held in Kyoto. He expressed the belief that through the "exhibition of Changan during the Tang Dynasty," Kyoto and the Japanese people will learn something about China's long-standing culture and further increase mutual understanding between Japan and China.

Rong Yiren said: Kyoto has a special role in the history of Sino-Japanese friendship and contacts. Varied and colorful exchanges between the two countries as well as Kyoto and Changan over 1,000 years ago have produced a number of much-told tales and written a glorious chapter in history—the "exhibition of Changan during the Tang Dynasty" is the evidence.

Rong Yiren said: Since the normalization of Sino-Japanese relations, various circles in Kyoto have erected

a tablet in Arashiyama bearing Premier Zhou Enlai's poem to mark the signing of the Sino-Japanese Treaty of Peace and Friendship, and to cherish the memory of Premier Zhou Enlai for his outstanding contributions to Sino-Japanese friendship. We have experienced Kyoto citizens' reminiscences of Premier Zhou and their friendship toward the Chinese people. Kyoto citizens have played an active role in developing Sino-Japanese friendship.

In the afternoon, Rong Yiren viewed the "exhibition of Changan during the Tang Dynasty," accompanied by Michio Okamoto, curator of the Kyoto Prefectural Kyoto Cultural Museum. The exhibition is being held to mark Kyoto's 1,200 founding anniversary and the 10th anniversary of the establishment of friendly ties between Kyoto Prefecture and Shaanxi Province.

In the evening, Osaka Prefecture, Osaka City, Osaka Chamber of Commerce and Industry, and Kansai Economic Federation jointly hosted a banquet to welcome Rong Yiren's to Osaka. Governor of Osaka Prefecture Kazuo Nakagawa; Osaka City Mayor Masaya Nishio; Masafumi Onishi, head of the Osaka Chamber of Commerce and Industry; and Tetsuro Kawakami, president of the Kansai Economic Federation, attended the banquet. Governor Kazuo Nakagawa and Vice President Rong Yiren respectively gave speeches, jointly extended congratulations to Osaka and China for their tremendous achievements in exchanges in various fields, and expressed the hope that further advancement would be made in the course of future exchanges.

CPC Political Bureau Leader Meets KCNA Delegation

OW0511092294 Beijing XINHUA in English 0752 GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Li Tieying, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and state councillor, met here today with a delegation from the KOREAN CENTRAL NEWS AGENCY (KCNA) of the Democratic People's Republic of Korea (DPRK) led by Deputy General Director Pak Hyon-kyu.

During the meeting at the Great Hall of the People, Li exchanged views with the DPRK visitors on the furtherance of the friendly cooperation between the two countries.

Guo Chaoren, president of XINHUA NEWS AGENCY, attended the meeting.

The six-member KCNA delegation arrived here yesterday on a two-week visit to China as guest of XINHUA NEWS AGENCY.

DPRK Consul Marks People's Volunteers War Entry

SK0711034694 Shenyang LIAONING RIBAO in Chinese 26 Oct 94 p 1

[FBIS Translated Text] On the afternoon of 25 October, the DPRK consulate general in Shenyang held a reception in the Liaoning Building to mark the 44th anniversary of the Chinese people's volunteers entry into the Korean War. Among those invited to the reception were Cui Yukun, adviser to the provincial people's government; Major General Xu Yuanxian, deputy chief of staff of the Shenyang Military Region; Yu Jingqing, president of the provincial Sino-Korea Friendship Association; Zhang Yumao, vice mayor of Shenyang; Zhao Ziliang, director of the provincial foreign affairs office; and representatives of veteran volunteers.

Addressing the reception in succession were Cho Kil-chun, consul general of the DPRK in Shenyang, and Xu Yuanxian, deputy chief of staff of the Shenyang Military Region. Both praised the great friendship cemented with blood by the people and armed forces of the two countries. On the morning of 25 October, visiting the cemetery of martyrs who sacrificed their life in the war to resist U.S. and aid Korea, and also laying wreaths at the cemetery on the occasion, were Cho Kil-chun, consul general of the DPRK in Shenyang; his wife; other staffers of the DPRK consulate general and their family members; and representatives of overseas Koreans in Shenyang.

Reportage on Conclusion of Li Peng's ROK Visit

Li Peng Visits Major Enterprises

OW0611141294 Beijing XINHUA Domestic Service in Chinese 1739 GMT 3 Nov 94

["Newsletter" by reporters Tang Shuifu (3282 3055 1381) and Zhang Zhongyi (1728 1813 5030)]

[FBIS Translated Text] Cheju (ROK) 3 Nov (XINHUA)—The ROK's economic growth is the focus of global attention. The rapid expansion of its big enterprise groups serves as a driving force to promote its economic growth. Premier Li Peng, who is now on a trip to the ROK, said that he was particularly pleased to visit famous enterprises in the ROK because the trip would enhance mutual understanding between the PRC and the ROK and promote bilateral economic cooperation.

On 2 November, after wrapping up his busy activities in Seoul, Premier Li Peng, disregarding the fatigue of the trip, left Kihung, a "future silicon valley" in northwest ROK, to Changwon and Ulsan, "cradles of heavy industry" in southeast ROK, where he visited four pillar industrial enterprises—Samsung Electronics, Daewoo Heavy Industry, Hyundai Car Manufacturing, and Hyundai Shipbuilding Companies.

On 2 November, Premier Li Peng visited a semiconductor plant in Kihung owned by Samsung Electronics, the earliest developer of 256-megabyte chips and the world's number nine producer of semiconductors. Premier Li Peng was particularly interested in super-thin wall-hanging TV sets and high-definition TV sets developed and produced by the company. He said: "The pictures are very clear. Is it a liquid crystal display? Are the signals coming from the plant's transmitting station or are they coming from public signals?" Samsung Chairman Yi Kon-hui, who accompanied the premier, said: The TV sets use the world's most advanced liquid crystal display screen. However, they are not able to receive public signals yet.

In front of a large digital program-controlled telephone switchboard produced by the plant, Premier Li Peng inquired about cooperation between the company and its Chinese counterpart. According to a plant briefing, the company currently has ties with a plant in Shandong. It installed telephone switchboards of this type in Jinan. Samsung has already invested \$300 million in Tianjin and built an industrial park there for the manufacturing of videocassette recorders and electronic products. It will invest \$500 million in Suzhou to build a semiconductor and household appliance plant. It also invested \$150 million in Shandong, Guangdong's Huizhou, and other places to produce automatic program-controlled switchboards. Li Peng frequently asked questions about the cooperation.

In the afternoon of 3 November, Premier Li Peng arrived at Hyundai Car Manufacturing Company in Ulsan, in the south of Kyongsang Province. Accompanied by Hyundai Chairman Chong Se-yong, Premier Li Peng inspected the production and assembly of cars. When Premier Li Peng asked about the car market and sources of spare parts, Chong Se-yong said that the plant now produces 3,500 cars a day. Overseas demand exceeds its supply. Its domestic customers also have to wait in line for cars. At present, about one out of every six people in the ROK owns a car. By 2000, one out of every four people will own a car. Chong Se-yong also said that plants manufacturing spare parts for Hyundai are located nearby. The plant is the only one in the world that does not have warehouses. At this moment, Premier Li Peng turned his head and told Chen Jinhua, minister in charge of the State Planning Commission who accompanied the premier on the trip: "China should also adopt this method in reforming its car industry."

At an assembly workshop, Hyundai Chairman Chong Se-yong introduced Chang Kon-ho, this year's model worker of the company, to Premier Li Peng who grasped the young man's hands and praised him for doing a good job.

Accompanied by nearly 80-year-old Chong Chu-yong, the founder and currently honorary chairman of Hyundai Group, Premier Li Peng then visited Hyundai Shipbuilding Plant owned by Hyundai Heavy Industry

Company. Chong Chu-yong built the plant with British loans on a beach in 1972. It has become a modern shipbuilding plant with an annual 2.5 million-tonne shipbuilding capacity, 4 million-tonne design capacity, and a capacity for designing shipyards able to build ships up to 1 million tonnes.

On 2 November, Premier Li Peng visited Daewoo Heavy Industry Company where he wrote an inscription, "Friendship and Cooperation," expressing a common aspiration of the two countries. Economic people here believe that the economic cooperation based on mutual benefit between the PRC and ROK will be further strengthened after Premier Li Peng's visit to the ROK.

Says Visit 'Very Successful'

OW0511135494 Beijing XINHUA Domestic Service in Chinese 1348 GMT 4 Nov 94

[By reporters Qi Deliang (2058 1795 5328) and Zhang Yijun (1728 4135 0193)]

[FBIS Translated Text] Cheju (ROK), 4 Nov (XINHUA)—Li Peng, Chinese premier of the State Council, held a press conference before concluding a five-day visit to the ROK. He said that during his visit, he held wide-ranging, in-depth, friendly, and very successful [guang fan shen ru you ha he fu you cheng xiao 1639 3131 3234 0354 0645 1170 0735 8099 2589 2052 2400] talks and meetings on bilateral relations and regional and international issues of common concern with President Kim Yong-sam and other ROK leaders; made extensive contacts with the ROK enterprise circles; and reached a consensus on promoting PRC-ROK economic and trade cooperative ties. He said the visit was a complete success [yuan man cheng gong 0955 3341 2052 0501].

At the press conference held at the Shilla Hotel, Cheju Island, this morning, Li Peng answered reporters' questions on PRC-ROK relations, situation on the Korean peninsula, and China's domestic situation.

In response to a reporter's question on China's stance with regard to the ROK's stand on resolving the issue of building a peace system on the Korean peninsula through South-North dialogue, Li Peng said: China needs a peaceful environment in its vicinity, and is very concerned about peace and stability on the Korean peninsula. The establishment of a peace system should be resolved through consultations by relevant parties. The armistice agreement will still be effective and should continue to be observed before a new peace system is put in place.

A reporter asked: The ROK believes the South-North dialogue must be reopened to bring peace and stability to the Korean peninsula. What is China's stand on this issue? Li Peng said: China has always advocated that peace and stability on the Korean peninsula should be achieved through peaceful means, including South-North dialogue, which it supports.

In response to a reporter's question on changes and the impact on the Korean peninsula and North Korea resulting from the signing and implementation of the DPRK-U.S. agreement, Li Peng said: China welcomes the framework agreement on nuclear issues reached by the DPRK and the United States. We believe the agreement will be conducive to peace and stability on the Korean peninsula, and will give both the South and North a fine opportunity for economic development. China has always believed that a country's path of development and its social system should be decided by its own government and people. China has never interfered in the internal affairs of other countries, and will never impose its model of reform and opening up on other countries.

When asked by a reporter about his impression of the ROK, Li Peng said: This visit leaves a good impression on me. The ROK's economy has developed rapidly, and the country has many well-managed modern enterprises. China, which has rich natural resources, is concentrating on economic development. We hope to exchange experiences with the ROK, learn from its strong points to offset our weaknesses, and conduct extensive cooperation and exchanges on the basis of equality and mutual benefit.

A reporter asked: Are the trips you made during your visit to the three ROK conglomerates—Daewoo, Samsung, and Hyundai—an indication of China's special interest in cooperation with these enterprises? In your opinion, what is the impact of your visit on PRC-ROK economic and trade relations? Li Peng said: Had my trip been longer, I would have visited more ROK enterprises. The few enterprises I visited are very famous enterprises in the ROK. They have stronger capabilities, more advanced technology, and better cooperative ties with China. China hopes to cooperate with powerful conglomerates in the ROK, and it welcomes investment from the ROK's medium and small enterprises and their partnership in cooperative ties. Some of the concrete results we achieved during this visit are the signing of a PRC-ROK agreement on civil aviation cooperation, an agreement on the peaceful use of nuclear energy, and a memorandum on the joint development of passenger planes for civilian use. Before this, the PRC and ROK have reached agreement on industrial cooperation in the fields of automobile and aviation technology, program-controlled switchboard, and high-definition television. The conclusion of these agreements has laid a solid foundation and provided legal protection for economic cooperation between the two countries. We are optimistic about prospects for economic and trade cooperation between the PRC and the ROC.

In response to a question on China's relations with South and North Korea, Li Peng said: China has upheld an independent foreign policy of peace, and has paid particular attention to maintaining good neighborly and friendly relations with surrounding countries. China has never used ideologies and social systems to determine

how it handles international relations. China wishes to develop friendly relations with all countries, including the DPRK and the ROK, on the basis of the five principles of peaceful coexistence.

In response to a reporter's question on China's domestic situation, Li Peng said: New China has seen three generations of leaders since its founding. Deng Xiaoping, a member of the first-generation leading collective with Chairman Mao Zedong as the core, has made major contributions to the founding of New China. As the core of the second-generation leading collective, he initiated the reform and opening-up policy, which has brought great changes to the face of China, promoted continuous economic development, and significantly improved the people's living standard. In particular, the theory of building socialism with Chinese characteristics proposed by him has set a clear objective for China's reform. He is also the chief architect of China's reform and opening up. Deng Xiaoping's theory on building socialism with Chinese characteristics is deeply rooted in the land of China. It has the people's wholehearted support and will be implemented over a long period of time. The third-generation leading collective with Jiang Zemin as the core has been established in China. This is a very united and able leading collective which can lead the Chinese people toward our goal of struggle.

Leaders Welcome Li's Return

OW0411130794 Beijing XINHUA in English 1244
GMT 4 Nov 94

[FBIS Transcribed Text] Beijing, November 4 (XINHUA)—Chinese Premier Li Peng, ending a five-day official visit to the Republic of Korea (ROK), returned here today by a special plane.

Li's entourage, including his wife Zhu Lin, Vice-Premier and Foreign Minister Qian Qichen, Minister Chen Jinhua of the State Planning Commission and Minister Wu Yi of foreign trade and economic cooperation, came back by the same plane.

Vice-premiers Zhu Rongji and Zou Jiahua, vice-chairman Wang Hanbin of the Standing Committee of the National People's Congress greeted Li and his party at the Great Hall of the People.

Minister Cho Sang-hun of the ROK Embassy here was also present at the ceremony.

RENMIN RIBAO Editorial Hails Li Peng's Trip

OW0511011794 Beijing XINHUA Domestic Service in Chinese 1615 GMT 4 Nov 94

[FBIS Translated Text] Beijing, 4 Nov (XINHUA)—RENMIN RIBAO publishes on 5 November an editorial on Premier Li Peng ending his official visit to the Republic of Korea [ROK], entitled: "We Congratulate Premier Li Peng for Accomplishing Complete Success During His Visit to the ROK." The full text follows:

At the ROK President Kim Yong-sam's invitation, Li Peng, premier of the State Council, paid an official visit to the ROK from 31 October to 4 November. It was the Chinese premier's first official visit to the ROK since China and the ROK established diplomatic relations. During his visit, Premier Li Peng held fruitful talks with the ROK President Kim Yong-sam; met with other Korean government leaders and many figures in political and economic circles; and visited some renowned enterprises and corporations. China and the ROK also signed a Sino-ROK aviation agreement and other important documents. The visit to the ROK has been a complete success. It has enhanced mutual understanding and friendship between China and the ROK, and between the peoples of the two countries. It has also further fostered good-neighborly relations, friendship, and mutually-beneficial cooperation between China and the ROK. It will be conducive to facilitating peace and stability on the Korean peninsula.

As close neighbors, with only a narrow sea between them, the people of China and the ROK have enjoyed a long history of friendly exchanges. Although China and the ROK established diplomatic relations only a short time ago, with joint efforts made by the two countries, Sino-ROK ties have developed rapidly on the basis of the five principles of peaceful coexistence. Both China and the ROK are located in the East Asia region where their economies are developing at high speed. Both countries have their respective strengths in expanding cooperation in economic relations, trade, science, and technology. As the two countries are largely complementary with each other, the potential for bilateral cooperation is enormous. Sino-ROK industrial cooperation has already begun, and we hope the new state level cooperation will yield abundant fruits soon. We believe that Sino-ROK bilateral cooperation, based on equality and mutual benefit, will be conducive to economic construction in the two countries and help promote progress and prosperity in East Asia and the Asia-Pacific region.

Both China and the ROK are striving to develop their economies and need a peaceful regional and international environment. While developing Sino-ROK relations, we should aim to promote peace and stability on the Korean peninsula, to enhance progress and prosperity in East Asia, and should gear ourselves toward the 21st century. We sincerely hope that the situation on the Korean peninsula will develop towards further detente, and that both sides on the peninsula will coexist in harmony and eventually attain independence and realize peaceful reunification [shi xian zi zhu he ping tong yi 1395 3807 5261 0031 0735 1627 4827 0001]. Such a situation will not only be conducive to the fundamental interests of the people in both south and north of the Korean peninsula, but also conducive to facilitating peace and stability in the Asia-Pacific region and the world.

Roundup Hails Li Peng's Visit to ROK

HK0711055394 Beijing ZHONGGUO XINWEN SHE
in Chinese 1316 GMT 4 Nov 94

[By reporter Tao Guangxiong (7118 0342 7160)]

[FBIS Translated Text] Beijing, 4 Nov (ZHONGGUO XINWEN SHE)—Premier Li Peng's 5-day visit to the ROK, being the first visit to the ROK by a government head of China, is of extraordinary significance, and the strong economic color of the visit was particularly noticeable.

As Premier Li Peng said at the banquet given in his honor by the ROK economic organizations: "Economic priority has become a major trend in the development of international relations." During his visit to the ROK, Li Peng's talks with ROK leaders Kim Yong-sam and Il Yong-tok focused on economic and trade cooperation between the two countries. Both sides agreed that there existed great potential and bright prospects, and that further and in-depth development should be carried out.

The two governments have set up an industrial cooperation council, and have decided to strengthen cooperation in the four fields of aviation, car production, communications, and the electronics industry. During the visit, the two sides also signed an agreement on the peaceful utilization of nuclear energy, an interim agreement on civil aviation, and a memorandum on jointly developing passenger planes. This broke new ground for industrial cooperation between the two countries, and marked a new form of cooperation between countries situated at different development levels. In particular, the cooperation in the field of nuclear energy aroused attention in the world.

Half of Li Peng's time during his visit to the ROK was used to visit the aviation, automobile, and electronics factories of such large ROK conglomerates as Samsung, Daewoo and Hyundai. These enterprises have been carrying out cooperation projects with China, or have plans for doing so. Although the ROK enterprises had invested nearly \$3 billion in China, Li Peng said that this remained greatly inadequate as compared with the economic strength of the two countries, and he called for more ROK enterprises to invest in China. President Kim Yong-sam also hoped that more ROK enterprises would participate in China's economic construction.

Although PRC-ROK economic and trade cooperation began later, it developed rather rapidly. China now has become the ROK's third largest trading partner, and the ROK also has become China's sixth largest trading partner. At the banquet given by the ROK economic organizations, Li Peng expounded China's four principles for developing economic and trade relations with the ROK: peaceful coexistence and long-lasting friendship; equality, mutual benefit, and complementing each other's advantages; increasing consultations and carrying out sincere cooperation; grasping opportunities

and seeking common development. He encouraged ROK entrepreneurs to join the competition in the huge market of China.

Li Peng's visit also played a significant role in promoting peace and stability in the Northeast Asia situation—especially on the Korean Peninsula—and this should not be underestimated. The conclusion of the framework accord between the United States and the DPRK provided a favorable opportunity for Li's visit to the ROK. He actively prompted North and South Korea to solve relevant issues in the form of peaceful dialogue, and hoped that they would achieve the objective of realizing peaceful reunification independently, without the intervention of external forces. His point of view was endorsed by Kim Yong-sam.

Following the Sino-Japanese war in 1895, exchanges between China and South Korea were broken for more than a century. They realized the normalization of relations only in 1992. The visit to the ROK by the government head of China was an important action by China to carry out its policy of developing good-neighborly and friendly relations with surrounding countries, and this visit certainly will promote the further development of relations between China and the ROK.

NPC Vice Chairman Wang Bingqian Meets Kim Tae-chung

*OW0511050094 Beijing XINHUA in English 0432
GMT 5 Nov 94*

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Wang Bingqian, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met with Kim Tae-chung, chairman of the Kim Tae-yung Peace Foundation for the Asia-Pacific Region of the Republic of Korea, and his party here this morning.

Yesterday Li Shuzheng, head of the International Liaison Department of the Chinese Communist Party's Central Committee, and Jiang Enzhu, Chinese vice-foreign minister, met with Kim and his party, respectively.

Kim and his party are here on a visit as guests of the Chinese People's Institute of Foreign Affairs. They are also scheduled to tour Xian and Shanghai.

Shandong Begins ROK-Funded Cement Plant Construction

*OW0411164694 Beijing XINHUA in English 1608
GMT 4 Nov 94*

[FBIS Transcribed Text] Jinan, November 4 (XINHUA)—Construction of a cement factory funded wholly by the Daewoo Corporation of the Republic of Korea (ROK) started today in Sishui County in east China's Shandong Province.

The Daewoo Corporation plans to invest 300 million U.S. dollars in the cement factory in the county and a cement pulverizing plant in Rizhao, a coastal city in the province.

As Rizhao is linked with Sishui by a railway, it will be easy to ship out products from Rizhao by marine routes to the ROK or other countries.

It is said that the Daewoo Cement (Shandong) Company Ltd. is designed with an annual production capacity of 2.47 million tons.

ROK's Economic Ties With Liaoning Grows Steadily

*OW0511053694 Beijing XINHUA in English 0458
GMT 5 Nov 94*

[FBIS Transcribed Text] Shenyang, November 5 (XINHUA)—Economic exchanges between northeast China's Liaoning Province and the Republic of Korea (ROK) have been growing steadily since China and the ROK established diplomatic ties, according to provincial officials.

In 1991 the trade volume between Liaoning and the ROK was 192 million U.S. dollars. This rose to 470 million U.S. dollars last year, and the figure is expected to hit 550 million U.S. dollars in 1994.

ROK business concerns are pouring money into Liaoning. Since 1988 a total of 919 ROK-funded enterprises have been established there, with a total investment of 930 million U.S. dollars.

Daewoo and Modern, among other leading ROK companies, have decided to become involved in Liaoning. Their largest investment in one project was 600 million U.S. dollars.

Among the 900-odd ROK-funded enterprises, 22 have a capital of over 100 million U.S. dollars each.

In addition, labor exchanges have been conducted. In 1993 Liaoning sent about 56,000 people to work in the fields of fishing, building, shoemaking and casting in the ROK.

Government officials point out that there is a great potential for co-operation between the ROK and Liaoning, which boasts rich natural and human resources, as well as strong infrastructure facilities.

Zhengzhou, ROK Department Stores Forge Links

*OW0611053494 Beijing XINHUA in English 0142
GMT 6 Nov 94*

[FBIS Transcribed Text] Zhengzhou, November 6 (XINHUA)—The Asian Department Store in Zhengzhou, capital of central China's Henan Province, and the Modern Department Store of the Republic of Korea have recently signed an agreement on the establishment of sistership links between them.

The two department stores will seek to promote exchanges and cooperation in management and commodities on the basis of friendship and mutual benefit, according to the agreement.

The ROK store is one of the leading commercial firms in that country. The Zhengzhou Store, already famous in central China, is planning to set up chain stores nationwide.

Southeast Asia & Pacific

Jiang Zemin To Visit Southeast Asia

OW0511153994 Beijing XINHUA in English 1529
GMT 5 Nov 94

[FBIS Transcribed Text] Singapore, November 5 (XINHUA)—Chinese President Jiang Zemin will make a state visit to Singapore from November 8 to 10 at the invitation of Singapore President Ong Teng Cheong and Prime Minister Goh Chok Tong, the government announced today.

During the visit, Jiang will call on his Singapore counterpart Ong Teng Cheong, meet Prime Minister Goh Chok Tong and Senior Minister Lee Kuan Yew.

During his stay in Singapore, Jiang will also visit chartered semiconductor manufacturing PTE Ltd and tour Sentosa, the scenic resort, according to the government.

This will be the first visit to Singapore by Jiang as the president of Peoples Republic of China. The trip will also take him to Malaysia, Indonesia, and Vietnam.

In Indonesia, Jiang will be attending the second informal meeting of the leaders of the Asia Pacific Economic Cooperation (APEC) forum in Bogor. The first meeting was held in Seattle, the United States, in November last year.

The president is scheduled to leave Singapore next Thursday [10 November] for Kuala Lumpur.

Liu Huaqing Meets Indonesian Army Chief of Staff

OW0411135594 Beijing XINHUA in English 1241
GMT 4 Nov 94

[FBIS Transcribed Text] Beijing, November 4 (XINHUA)—General Liu Huaqing, vice-chairman of China's Central Military Commission, met here this evening with Wismoyo Arismunandar, Army chief of staff of Indonesia, and his party.

Extending his welcome to the Indonesian guests, Liu said that to further the friendship between the two countries and the two armed forces is in the fundamental interests of the two peoples and beneficial to the peace and stability in the Asian-Pacific region.

Liu said that frequent contacts between leaders of the two countries and the two armies are conducive to enhancing mutual understanding and friendship between the two peoples.

He continued that China has been developing relations with its neighbors in accordance with the five principles of peaceful co-existence.

He noted that China and Indonesia have no fundamental conflicts of interests while enjoying a traditional friendship.

Liu said that China and Indonesia, both developing countries, need a peaceful international environment to develop their national economies and to raise their people's living standards.

Liu pointed out that China hopes southeast Asia can maintain peace and stability in the region, and concerned parties should seek resolutions through peaceful consultations over some disputes while not resorting to military forces.

Wismoyo agreed with Liu, hoping that cooperative relations of mutual benefit between the two countries and the two armed forces can be continuously developed.

This afternoon, Chinese State Councillor and Minister of National Defense Chi Haotian and Chief of the General Staff of the Chinese People's Liberation Army (PLA) Zhang Wannian also met with Wismoyo and his party, respectively.

This morning, Deputy Chief of the General Staff of the PLA Xu Huiyi hosted a welcoming ceremony for the Indonesian guests. At noon today, Xu invited the Indonesian guests to a lunch.

The Indonesian visitors are here as guests of headquarters of General Staff of the PLA.

Malaysia Warmly Welcomes Jiang Zemin's Nov Trip

OW0411160494 Beijing XINHUA in English 1441
GMT 4 Nov 94

[FBIS Transcribed Text] Kuala Lumpur, November 4 (XINHUA)—Malaysia will warmly welcome the state visit of President Jiang Zemin of China next week, the Foreign Ministry stated here today.

"Malaysia and China currently enjoy excellent relations and Jiang's visit is warmly welcomed as it will enhance and strengthen further bilateral cooperation", said the ministry, announcing the visit to be scheduled from November 10-13.

This year marks the 20th anniversary of the establishment of diplomatic relations between the two countries, said the ministry, recalling that Prime Minister Mohamed Mahathir and Deputy Prime Minister Ibrahim Anwar visited China in May and last month respectively.

During Jiang's visit, said the ministry, he will hold discussions with Prime Minister Mahathir on issues of mutual interest and call on the supreme head of state Tuanku Ja'afar.

Jiang will also give a talk on China's foreign policy in Southeast Asia at a gathering organized by the Institute of Diplomacy and Foreign Relations here on November 11 and attend a dinner hosted by the Malaysia-China Friendship Society, it added.

Malaysia is part of President Jiang's four-nation Southeast Asia tour which takes him also to Singapore, Indonesia and Vietnam.

He will fly from Malaysia to Jakarta to visit Indonesia and attend the Asia Pacific Economic Cooperation leaders' informal meeting in Bogor.

NPC Chairman Qiao Shi Visits Australasia

Meets New Zealand Opposition Leader

OW041111194 Beijing XINHUA in English 1041 GMT 4 Nov 94

[FBIS Transcribed Text] Auckland, November 4 (XINHUA)—Qiao Shi, the visiting chairman of the National People's Congress of China, met here today with Helen Clark, leader of the major opposition Labour Party and exchanged views with her on Sino-New Zealand relations.

During the 40 minute talks, Qiao recalled that China and New Zealand established diplomatic ties in 1972 when the Labour Party was in power, thus opening a new page in the two countries' relations.

In the past 20 years and more, he said, the Labour Party has been adhering to the one-China policy and attaching importance to the development of friendship with China. "This is a policy which conforms to the fundamental interests of the two peoples," he stressed.

He praised Clark for her effort to promote Sino-New Zealand relations since she became the leader of the Labour Party, adding that the New Zealand ruling party and opposition have pursued the same policy concerning relationship with China and thereby ensured continuous growth of the ties between the two countries.

Qiao expressed the hope that the Labour Party will make new contributions to the strengthening of the two countries' relations.

For her part, Clark told Qiao that her party attaches great importance to ties with China and she herself is especially interested in things related to China. She noted that her party supports the current government's Asia 2000 program launched in 1992 and its effort to shift the focus of its foreign policy onto Asia.

Whatever happens in the future, she said, the Labour Party will stick to this principle.

She pointed out that China's economy has witnessed rapid development in recent years and so have the economic cooperation and trade between China and

New Zealand. Both are welcome developments for New Zealand's business circles, she said.

Ends Visit to New Zealand

OW0611045294 Beijing XINHUA in English 0305 GMT 6 Nov 94

[FBIS Transcribed Text] Auckland, New Zealand, November 6 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress, left here for Sydney, Australia, this afternoon after ending a five-day visit to New Zealand.

Among those bidding farewell to Qiao at the airport were New Zealand's Transport Minister Maurice Williamson, New Zealand's Ambassador to China Chris Elder and Chinese Ambassador to New Zealand Li Jinhua.

During his stay in New Zealand, Qiao met with New Zealand's Governor-General Dame Catherine Tizard, Prime Minister Jim Bolger and Parliament Speaker Peter Tapsell. They exchanged views on further expanding political and economic ties and trade between China and New Zealand.

Qiao also met some local government officials and representatives from the local business circles, and visited some industrial, cultural and research institutions.

Qiao will continue his current five-nation tour which will also take him to Australia, Argentina, Brazil, and Fiji.

Qiao Shi Arrives in Australia

OW0611150194 Beijing XINHUA in English 1439 GMT 6 Nov 94

[FBIS Transcribed Text] Canberra, November 6 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC) of China, arrived here from Sydney by car just before midnight today after an Australian plane carrying him to the Australian capital was turned back because of the strong wind.

The chairman, who arrived in Sydney from Auckland, New Zealand, this afternoon and boarded the Australian plane later for Canberra, had to take a three-hour ride in the car after his plane failed in several attempts to land on a Canberra airport because of wind on the ground which the plane's crew said reached 100 kilometers per hour.

However, according to sources of his party, the chairman's agenda for tomorrow will remain unchanged and it includes meetings with the Australian governor-general, leaders of the Australian Senate and House of Representatives, prime minister and foreign minister.

Qiao is here to start an eight-day official good-will visit to Australia, the first ever by an NPC chairman.

He was greeted by Australian Foreign Minister Gareth Evans and other Australian officials.

In a written statement issued upon his arrival, Chairman Qiao described Australia as "an influential country" in the South Pacific, which "plays an increasingly important role in international affairs."

He noted that since the establishment of diplomatic relations between the two countries, mutual understanding and friendship between the two peoples have grown with each passing day, friendly exchanges between the two legislatures have visibly increased and mutually beneficial cooperation in various fields has been fruitful.

"Both of us are committed to world peace and stability and stand for the establishment of a fair and rational new international political and economic order," he stressed. "In view of the complicated and volatile international situation, to further enhance the friendly relations and cooperation between our two countries is of great significance both to our two countries and to the entire region."

Australia is the the second leg of the chairman's five-nation South Pacific and South America tour, which will also take him to Argentina, Brazil and Fiji.

During his stay in the country, Qiao is expected to hold in-depth discussions with Australian officials on how to further develop ties between the two countries and on other issues of common interest.

Parliament Leaders Fete Qiao Shi

OW0711085894 Beijing XINHUA in English 0752
GMT 7 Nov 94

[FBIS Transcribed Text] Canberra, November 7 (XINHUA)—The leaders of both houses of the Australian federal parliament met here today with and hosted a reception and luncheon for Qiao Shi, the visiting chairman of the National People's Congress (NPC) of China.

At the 20-minute meeting, speaker of the House of Representatives Stephen Martin expressed his welcome to Qiao and said that the relations between Australia and China are very close and they have been strengthened precisely through visits such as that being paid to Australia by Chairman Qiao.

He believed that the chairman's visit will be successful and will surely serve to further boost the two countries' relations.

Qiao, for his part, hoped that his current visit will strengthen the friendly relations between the two countries, the two peoples and the NPC and the Australian parliament.

After the meeting, Speaker Martin and President of the Senate Michael Beahan hosted for Chairman Qiao a reception, which was attended by leading members of Qiao's entourage and more than 70 Australian members of parliament from all over the country.

In a written statement released at the reception, Qiao noted that increased friendly contacts, visits, mutual understanding and friendship between the NPC and the Australian parliament have contributed to the productive cooperation between the two countries.

He pointed out that both China and Australia are Asia-Pacific countries. "There is no conflict of fundamental interests between us," he declared, adding that the two countries share extensive common interests and a common goal of preserving peace and stability in the Asia-Pacific region and each of the two economies has its own advantages and there is a broad prospect for cooperation.

"There is every reason for us to be equal partners and live in long-term amity," he said.

Qiao later attended a luncheon hosted by the speaker and president and watched the debate at the Australian Senate.

Meets Gareth Evans

OW0711105794 Beijing XINHUA in English 1035
GMT 7 Nov 94

[FBIS Transcribed Text] Canberra, November 7 (XINHUA)—Australian Foreign Minister Gareth Evans met with visiting Chairman of the Standing Committee of the Chinese National People's Congress (NPC) Qiao Shi here today and they had extensive talks on bilateral ties, economic cooperation and issues of common interest.

During their more than 60 minutes' talks, Evans expressed his warm welcome to Chairman Qiao's visit to Australia and said that the relations between Australia and China are very good, especially in the fields of economy, trade and investment.

He added that Australia is more confident that such a good relationship will be further enhanced in the future.

He pointed out that the business circles in Australia and the world as a whole now have greater confidence in doing business with China and one of the major reasons behind this is that China has gradually perfected its law system.

Qiao, who arrived here last night, briefed Evans on the improvement in China's legal system.

He said that since Deng Xiaoping proposed in the late 1970s setting up a society governed by law, China has enhanced its work of improving its legal system.

He stressed that China will learn from other nations in its efforts in this regard.

"As it has adopted the policies of reform and opening to the outside world and strengthened its legal construction, China must take into consideration the legal systems of other nations in the world, and learn from their good experience and results," Qiao added.

On the re-entry of China into the General Agreement on Tariffs and Trade (GATT), Qiao expressed thanks for Australia's support for the restoration of China's signatory status in GATT.

Evans said Australia hoped that China would resume its signatory status in GATT and become one of the founding members of the future World Trade Organization.

Qiao noted that China's economy has developed fairly rapidly over the past dozen years and so has its foreign trade.

However, "China is still backward in many fields and in terms of the whole country, China remains a developing country," he added.

Qiao said that China will try to reach the level of a medium-developed nation in the mid-21st century.

On the issue of human rights, Qiao said that China is paying more attention to guaranteeing the rights of individuals since the commencement of reform and opening to the outside world.

He stressed that China has agreed in principle to have dialogue with countries concerned on the issue of human rights on the basis of equality and mutual respect.

Evans is to host a dinner this evening in honor of Qiao, who began his eight-day visit to Australia yesterday, the second leg of his current five-nation tour.

More on Meeting

OW0711130194 Beijing XINHUA Domestic Service in Chinese 0912 GMT 7 Nov 94

[By reporters Wang Faen (3769 4099 1869) and Liu Huorong (0491 3499 2837)]

[FBIS Translated Text] Canberra, 7 Nov (XINHUA)—Qiao Shi, chairman of the National People's Congress Standing Committee met with Australian Foreign Minister Evans here this morning. During their meeting, which lasted more than an hour, they exchanged views on bilateral relations, trade and economic cooperation, human rights, and others issues.

Evans first expressed his warm welcome to Chairman Qiao Shi's visit and said: The relations between Australia and China are very good, especially in the fields of economy and trade; both countries' enthusiasm in investment runs high. He said: Australia is full of confidence that relations between Australia and China will further develop in the future.

Evans said: Business circles in Australia and the world as a whole now have greater confidence in trading with China, and one of the major reasons behind this is that China has gradually perfected its legal system.

During their conversation, Qiao Shi expressed his gratitude for the invitation to visit offered by the Australian

Government and speakers of the Australian Senate and House of Representatives and, at the request of Evans, briefed the host on the situation regarding legal system construction in China.

Qiao Shi said: After the founding of New China, Comrade Mao Zedong personally formulated the first constitution. In the wake of the Great Cultural Revolution, Comrade Deng Xiaoping proposed the idea of setting up a society governed by law. Deng Xiaoping clearly proposed that to develop socialist democracy, it is necessary to establish a socialist legal system. From then on, China has gradually strengthened work in building the legal system. Qiao Shi noted that China would study and draw useful experiences and fruits from other countries in this regard.

Speaking on the issue concerning restoring China's status as a contracting party to GATT, Qiao Shi expressed his gratitude for Australia's support for China's re-entry into GATT. He said: "The restoration of China's signatory status will surely have a certain impact on China's domestic industries. However, if China is regarded as a developing country, such an impact will do us good and speed up our development."

Evans said: Australia hopes that China will resume its status as a contracting party to GATT and become one of the founding members of the World Trade Organization.

Qiao Shi noted: China's economy and trade have developed fairly rapidly over the past dozen years or so. However, "China is still backward in many fields and in terms of the whole country, China remains a developing country. We will reach the level of a medium-developed nation in the mid-21st century."

Speaking on the human rights issue, Qiao Shi said: Since the commencement of reform and opening up, China has attached greater importance to guaranteeing the rights of individuals. He said: "There are 900 million peasants in China and we have given them ample rights to make arrangements for the land and harvest as they desire [zhong guo you jiu yi nong min wo men chong fen di gei yu ta men zi you zhi pei tu di he shou huo de quan li 0022 0948 2589 0046 0310 6593 3046 2053 0226 0339 0433 0966 4822 0056 0100 0226 5261 3945 2388 6792 0960 0966 0735 2392 3752 4104 2938 0500]. Enterprises also have the right to consider the problems of their production, supply, and marketing."

Qiao Shi stressed: "China has agreed in principle to have dialogues with countries concerned on the issue of human rights on the basis of equality and mutual respect."

Foreign Minister Evans feted Qiao Shi and his entourage this evening. Australian Prime Minister Keating also attended the banquet.

Meets Governor General

OW0711131794 Beijing XINHUA in English 1242
GMT 7 Nov 94

[FBIS Transcribed Text] Canberra, November 7 (XINHUA)—Australian Governor-General Bill Hayden said here today that a strong relationship of friendly cooperation between Australia and China not only conforms to the fundamental interests of the two nations but will also be conducive to peace and stability in the Asia-Pacific region.

Hayden made the remarks in a meeting with Qiao Shi, the visiting chairman of the Standing Committee of the Chinese National People's Congress (NPC), here this afternoon.

The governor-general said that Australia and China share common interests on many major world issues and there is a great potential for the two countries to cooperate in economy and trade.

He said that although China is a developing nation, it has its edge in areas such as economic management and technology application and this is helpful to increasing cooperation relations between the two nations.

On the forthcoming informal leaders' meeting of the Asia-Pacific Economic Cooperation (APEC), slated to be held in Bogor, Indonesia, next week, Hayden said that Australia attaches importance to APEC's role and hopes that APEC would become more vigorous.

Hayden hoped that this year's APEC meeting will produce positive results which will benefit all sides.

Qiao said that China's all-dimensional reform and opening to the outside world has provided a favorable condition for closer cooperation between the two countries.

China, a developing country, is working out its own development strategy and policies in the light of its own conditions, he added, stressing that it will still take protracted and tremendous efforts to make China a moderately developed country.

However, he said that the Chinese people are confident about their future and they want peace, friendship and cooperation in promoting economic growth.

He expressed China's readiness to make joint efforts with all parties concerned at the APEC meeting, which Chinese President Jiang Zemin is to attend, so that it will achieve positive results.

Australia's Chief Justice Anthony Mason also met with Qiao and they exchanged views on economic legislation, crime, anti-drug efforts and strengthened legal construction.

In his meeting with Qiao this afternoon, opposition leader Alexander Downer said that it is the policy of both the ruling and opposition parties in Australia to foster

friendly relations and cooperation with China and this policy will remain unchanged.

Qiao expressed the belief that Sino-Australian cooperation has a good foundation and broad prospects for expansion.

Jailed Australian Businessman To Face New Charges

HK0611074894 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Nov 94 pp 1, 7

[By Ruth Mathewson]

[FBIS Transcribed Text] Businessman James Peng Jindong will stand trial on fresh charges of corruption after being jailed for more than a year, Chinese judicial authorities have announced. The decision to proceed after the Shenzhen Intermediate People's Court had thrown out prosecutors' first attempt to press charges, has shocked law experts and Peng's family. The new charges are dated October 14, one year to the day after Peng, an Australian citizen, was seized by mainland police. The case is expected to go to trial within two months.

Chinese law adviser and Hong Kong University lecturer Donald Lewis said yesterday the revelations were ominous. "It seems they will, at all costs, seek to get a conviction. It's unlikely there will be an acquittal," he said.

Peng's wife, Lina, and the family's Hong Kong legal adviser met last night to plan a course of action. Peng's mother was advised of the decision after visiting her son in Meiling Detention Centre in Shenzhen last Tuesday [1 November]. "We already have a copy of the charge; my lawyer in China went to get it," his wife said.

Mrs Peng said she would attend the trial in the hope of seeing her husband for the first time in a year. She has fought for his release from Hong Kong, fearing she too would be arrested if she crossed the border.

The legal adviser said the family had appointed lawyers in Shenzhen and Beijing. "The date of the charge is October 14—that means they sat on it (before publicly revealing their decision)," he said. "But the subject matter is different to what was discussed last time. It's related, but it's different amounts of money."

The charges appeared to be a variation of previous ones, which accused Peng of embezzling a \$10.9-million investment made by his garment company, Champaign Industrial, in an Australian sheep farm. Shenzhen prosecutors acknowledged the sum of money in question had been invested for company purposes, but alleged the banknotes withdrawn were not the ones used for the investment. The sums quoted in the new charges are 290,000 renminbi (HK\$261,000) [Hong Kong dollars] and \$1.15 million.

"It would be a joke if it was not going to trial," Mrs Peng's lawyer said. Mr Lewis of Hong Kong University said the decision flew in the face of all expectations. "Some of the signals that were coming out of Beijing were saying: drop the case," he said. "The fact they weren't able to make the (initial) charges stick would ordinarily lead to an acquittal—it would be the end of the matter."

Peng's case will probably go to trial promptly, given its high priority with the Shenzhen Municipal Authority and likely last just a few days. Sentencing is unlikely to be held in public. Shenzhen prosecutors were given one month to unearth new evidence after their first attempt to try the case was dismissed.

"The problem is, in China, there is no presumption of innocence," Mr Lewis said. "Indeed, if anything, once charges have been laid by the procurate, which is an organ of the state, the unspoken assumption is that he is guilty. So this is very serious."

"Trials tend to be show cases, window dressing. In many cases outcomes will have been determined prior to the trial."

Peng, 35, was removed from his room by Macao police at the enclave's Mandarin Oriental Hotel on October 13 last year. In the early hours of October 14 he was asked to sign a document in Portuguese, a language he does not understand, and delivered across the border to waiting Zhuhai police. Peng was imprisoned for almost a year when the unsuccessful first round of charges were laid against him in July.

West Europe

European Union Official Supports China's GATT Bid

OW0711104994 Beijing XINHUA in English 1025
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—China is willing to show further flexibilities in the final stage of the negotiations for China's restoration of its membership in the General Agreement on Tariffs and Trade (GATT), Wu Yi, Chinese minister of foreign trade and economic cooperation, said here today.

Wu said that for the purpose of ending the negotiations on China's re-entry into GATT before the establishment of the future World Trade Organization (WTO), China will be more flexible on some items if all the contracting parties show certain flexibilities.

Wu made the remarks here this morning while meeting with Leon Brittan, commissioner in charge of external economic relations and trade policy of the European Union, who is on his second visit to China this year.

Mr. Brittan voiced the support for China's efforts for re-joining the GATT on behalf of the EU during his previous China trip last February.

During today's meeting, he reiterated that the EU has always been the most enthusiastic supporter for China's original membership in the future WTO.

He said that the EU highly appraises China's efforts in establishing a market economy, and believes that China's original membership in the WTO serves the EU's interests.

Wu said that during the final stage of the negotiations on China's re-entry into GATT, all the contracting parties should take into consideration China's economic development level and the tremendous efforts China has made for resuming its GATT membership and adopt a practical, flexible and constructive attitude.

She said that China's bid for GATT is a major issue in the current international trade relations, which should be viewed by all the contracting parties in strategic eyes and from a perspective of long-term interests.

If China is re-admitted into the GATT, Wu said, China's economic and trade ties with foreign countries including the EU will be developed in a wider, stabler and more comprehensive way.

Jiang Zemin Meets Airbus President

OW0511092494 Beijing XINHUA in English 0828
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Chinese President Jiang Zemin met and had a conversation here this morning with Jean Pierson, president of the Airbus Industry Company, on mutual cooperation in aviation.

Airbus is one of the giant plane producers in the world. Many Chinese airlines have bought planes from Airbus.

Chen Guangyi, director of the Civil Aviation Administration of China (CAAC), attended the meeting.

This afternoon, the CAAC and Airbus signed an agreement on joint establishment of a training and service center here.

EC Interested in Investing in Tianjin

OW0511092894 Beijing XINHUA in English 0809
GMT 5 Nov 94

[FBIS Transcribed Text] Tianjin, November 5 (XINHUA)—Investors from countries of the European Communities (EC) are flocking to this port city and industrial base in north China to seek co-operation partners.

So far, 242 companies from eight EC countries have invested a total of 630 million U.S. dollars, 8.68 percent of the total foreign investment in Tianjin, according to an official from the Tianjin Foreign Investment Service Center.

Last year six of them were involved in 28 joint ventures in Tianjin, which created over ten million yuan profits

each, and their high-quality products became fast sellers in the domestic market, the official said.

The joint ventures are mainly involved in industry, construction, foreign trade, banking, catering and real estate, he said.

Those leading transnational corporations include the Henkel, Siemens and Bayer Companies of Germany, the P. & M. Martin Group, Roussel-Uclaf Company Ltd, and Merlin Gerin of France, Novo Nordisk of Denmark, Smithkline Beecham PLC of Britain and Janussi of Italy.

The Novo Nordisk (China) Bioengineering Co. Ltd, with a total investment of 243 million U.S. dollars, is the largest joint venture in Tianjin.

Last year circuit breakers produced by the Tianjin Merlin Gerin Ltd. Company had nearly 50 percent of market share in China, while making profits of 27 million yuan.

Ren Jianxin Arrives in Belgium for One-Week Visit

OW0611053694 Beijing XINHUA in English 0332
GMT 6 Nov 94

[FBIS Transcribed Text] Brussels, November 5 (XINHUA)—The president of the Supreme People's Court of China, Ren Jianxin, arrived here this morning, starting a one-week visit to Belgium.

Ren and a delegation of the Chinese Supreme People's Court are visiting the country at the invitation of Oscar Stranard, the president of the Belgian Supreme Court.

Stranard, who visited China at the invitation of Ren in 1993, hosted a dinner to welcome his Chinese counterpart this evening.

During his visit, Ren will also meet with Belgium's general prosecutor H. Lenaerts, Deputy Prime Minister and Minister of Justice and Economic Affairs Melchior Wathelet, President of the Chamber of Representatives Frank Swaelen, and other Belgian officials.

Ren and the delegation will also visit Antwerp—Belgium's biggest port—and such historically important cities as Bruges, Gent, and Namur.

Ren will end his visit November 11.

Chen Muhua Meets British Visitors

OW0711090894 Beijing XINHUA in English 0851
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Chen Muhua, vice-chairwoman of the Standing Committee of the National People's Congress (NPC), met with Sir David Plastow, chairman of the Inchcape Group PLC. of Britain, and his party here today.

During the meeting, Chen and the British visitors exchanged views on the furtherance of bilateral cooperation.

The British visitors arrived here yesterday on a two-day visit to Beijing as guests of the China Council for the Promotion of International Trade.

Finnish Prime Minister Welcomes Xinjiang Group

OW0611171094 Beijing XINHUA Domestic Service in Chinese 0320 GMT 3 Nov 94

[By reporter Zhao Changchun (6392 7022 2504)]

[FBIS Translated Text] Helsinki, 2 Nov (XINHUA)—Finnish Prime Minister Esko Aho met a visiting delegation from China's Xinjiang Uygur Autonomous Regional Government at his official residence on the afternoon of 2 November. The two sides held warm and friendly talks.

The Xinjiang Autonomous Regional Government delegation, led by regional Chairman Abdulahat Abdurixit, arrived in Helsinki on 31 October for a weeklong visit to Finland at the invitation of the Finnish Communications and Transport Ministry.

Finnish Prime Minister Aho welcomed the delegation. In recounting his visit to China in April this year, he said that the visit had left a deep impression on him.

Chairman Abdulahat Abdurixit said: Xinjiang's economy has undergone tremendous changes since China introduced the program of reform and opening up. The central government has lent full support to the development of minority regions and implemented preferential policies toward them. Xinjiang has achieved good results in making full use of the rich local natural resources in its active efforts to open up to the outside world and improve its investment environment.

He said: Approximately 80 percent of Xinjiang's goods have to be transported by highway. Therefore, the autonomous regional government places a premium on infrastructural construction, especially the construction of communications and transportation facilities, to promote greater economic development in Xinjiang. During my current visit to Finland, I have gathered that Finland possesses advanced technology and ample experience in highway construction and management. Xinjiang can draw on Finland's useful experience and import its advanced technology.

Prime Minister Aho said: Finland is willing to impart its experience and technology in highway construction and management to Xinjiang. It also hopes that the two sides will expand cooperation in other fields and reach agreements on more new cooperative projects. The Finnish Government will lend full support to such cooperation. Aho said that he was looking forward to visiting China

again in the future should the opportunity arise. He said that if possible, he would visit Xinjiang to see its newly constructed expressways.

On 1 November, the Xinjiang Autonomous Regional Government delegation and the Finnish Highway Administration signed a research program for maintaining Xinjiang's highways. In the evening, Ole Norrback, Finnish communications and transport minister, met and hosted a banquet in honor of all delegation members. Norrback expressed his pleasure with the progress made by Finland and China in their current cooperation in the field of communications and transportation. He said: Finland possesses special skills and advanced technology in highway construction, and hopes to play a greater role in China's highway construction in the future.

During the visit, the delegation will visit and inspect Finland's highway construction and facilities. It will also visit relevant companies and enterprises.

NPC Vice Chairman Meets French Visitors

*OW0411123894 Beijing XINHUA in English 1158
GMT 4 Nov 94*

[FBIS Transcribed Text] Beijing, November 4 (XINHUA)—Wang Guangying, vice-chairman of China's National People's Congress Standing Committee, met here this afternoon with Marc Censi, president of the regional council of Midi-pyrenees of France, and his party.

Midi-pyrenees has forged its friendly ties with southwest China's Sichuan Province in June, 1987.

The French visitors came here as the guests of the Sichuan Provincial People's Government for the purpose of enhancing the links between Midi-pyrenees and the Sichuan Province, acquainting themselves with China's investment environment and exploring possibilities of the establishment of joint ventures.

CPPCC Vice Chairman Leaves for Germany

*OW0511092794 Beijing XINHUA in English 0805
GMT 5 Nov 94*

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—A delegation of the Chinese Association for International Understanding (CAIU) led by its President Wu Xueqian left here today on a goodwill visit to Germany.

Wu, also vice-chairman of the Chinese People's Political Consultative Conference (CPPCC) national committee, and his party will tour Germany as guest of the German Friedrich Ebert Foundation.

Pact Reached With Germany on Instrument Plant

*OW0411085094 Beijing XINHUA in English 0808
GMT 4 Nov 94*

[FBIS Transcribed Text] Hefei, November 4 (XINHUA)—China and Germany have reached an agreement

to invest 24.8 million U.S. dollars to build an auto instrument and meter plant which will be the largest in China.

The agreement between the Wuhu Instruments and Meters Plant and Germany's VDO Company stipulates that 60 percent of the investment will come from the German side.

The Wuhu-VDO Auto Instrument Co. Ltd will produce meters and instruments from 1995, manufacture all the current products of the Wuhu plant from 1997, and expand the production amount to 1.5 million sets.

The enterprise hopes to produce two million to 2.5 million sets of meters and instruments with an annual trade volume of 1.5 billion yuan from the year 2000.

The Wuhu plant is a major manufacturer of auto meters and instruments in China, with the capability of turning out 360,000 sets of meters a year.

Italian Foreign Minister A. Martino Visits Beijing

Meets Premier Li Peng

*OW0511132894 Beijing XINHUA in English 1312
GMT 5 Nov 94*

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Chinese Premier Li Peng expressed the hope today that the new Italian Government will contribute more to the momentum of the development of Sino-Italian relations.

Li, meeting Italian Foreign Minister Antonio Martino, cited Italy as one of the leading countries in the West in improving ties with China several years ago.

China values its ties with Italy, Li said, adding that the visit of Martino, the first minister from the current Italian Government to visit China, is of significance to the expansion of bilateral relations.

Referring to the good foundation and effective cooperation between China and Italy in trade and economic fields, the Chinese premier voiced the hope that businesses of the two countries will enhance contacts and expand cooperation.

To this end, the two governments should also give further support to the businesses, Li said.

Martino told Li that the new Italian Government attaches importance to its relations with China.

Italian Prime Minister Silvio Berlusconi hopes to lead a trade mission to China at some proper time, Martino said. To this, Li expressed welcome.

Also today, Martino told a press briefing here that the Italian Government supports China's bid to resume its contracting party status in the General Agreement on Tariffs and Trade, as well as extensive economic cooperation between the enterprises of the two countries.

Meets Zhu Rongji

OW0511082094 Beijing XINHUA in English 0724
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Italian Foreign Minister Antonio Martino and his party here today.

The two sides exchanged views on the furtherance of Sino-Italian relations, especially bilateral trade and economic cooperation.

During the meeting, Zhu also briefed the guests on China's economic development.

Chinese Vice-Foreign Minister Jiang Enzhu and Italian Ambassador to China Alessandro Quaroni took part in the meeting.

Meets Qian Qichen

OW0511093294 Beijing XINHUA in English 0849
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—China is satisfied with the relatively smooth development of Sino-Italian relations in recent years, and is willing to maintain high-level contacts with the new Italian Government so as to further bilateral friendly co-operation.

Chinese Vice-Premier and Foreign Minister Qian Qichen made this remark while meeting with Italian Foreign Minister Antonio Martino here today.

Qian said that China congratulated Italy on its being elected as a non-permanent member of the Security Council of the United Nations and China would continue its co-operation with Italy in UN affairs.

Martino said that Italy pays great attention to developing its relations with China, and that he had witnessed the high-speed development of China's economy during his current visit.

He expressed the belief that there are promising prospects for the development of the bilateral relations, especially the economic co-operation and two-way trade.

Qian said that China attaches great importance to Sino-Italian economic co-operation and trade, which have been steadily increasing in recent years, including this year.

Italian enterprises should enhance their presence in China's economy and the Italian Government will support their efforts, said Martino.

There is much room for the bilateral governmental and non-governmental cultural exchanges, and there exists great potential for Sino-Italian co-operation in science and technology, Qian said.

Martino added that the Italian Government has always actively backed the expansion of bilateral cultural, scientific and technological exchanges, and it would like to adopt practical measures to give a further impetus to such development.

Touching on the European Union (EU), Qian said that China is glad to see that the EU is playing a more important role in international affairs. He described the year 1994 as one in which the relations between China and the EU have enjoyed great development since the bilateral high-level exchanges were frequent.

The EU is one of China's major trading partners, and there exists great potential for development of bilateral economic co-operation and trade, Qian noted, adding that the Chinese Government hopes that the EU will lift its limit on imports of Chinese products.

The Italian Government holds that the EU must be more open, and that trade organizations in all regions such as the EU should oppose trade protectionism, Martino said, adding that such efforts would not only serve economic development, but also world peace and stability.

The EU should strengthen its trade co-operation with China, and Italy would play an active role in this regard, Martino said.

The two foreign ministers also exchanged views on other international and regional issues.

Among those present at the talks were Jiang Enzhu, Chinese vice-foreign minister and Alessandro Quaroni, Italian ambassador to China.

Meets Wu Yi

OW0511100694 Beijing XINHUA in English 0929
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi met here this afternoon with Italian Foreign Minister Antonio Martino and his party, and they exchanged opinions on issues of common concern.

Wu said that Sino-Italian economic and trade relations have witnessed a rapid development with last year's bilateral trade volume reaching four billion U.S. dollars.

She continued that bilateral trade volume in the first eight months of this year increased to 2.74 billion U.S. dollars, up 23 percent from the same period of last year.

She pointed out that although China has a deficit in its trade with Italy, it adopts an active attitude towards the deficit and seeks a trade balance through development.

After the meeting Wu and Martino attended the signing ceremony of three cooperative documents between concerned departments and companies of the two countries.

The documents include the contract for a radar control system of air communications with Japanese loans valued at 6.2 billion Japanese yen (about 63 million U.S. dollars); the contract for a 60,000-ton acrylic fibers projects in northeast China's Jilin Province valued at 48 million U.S. dollars; and a letter of intent on cooperation in funds, personnel training, consultations, and project engineering.

Italian Firm Awarded \$63 Million Radar Contract
HK0511082494 Hong Kong AFP in English 0732 GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, Nov 5 (AFP)—China on Saturday awarded Italian firm Alenia a 63-million-dollar contract to supply 15 air traffic control radar systems for airports across the country.

The contract involves primary and secondary radars, data display consoles, computers, communications networks, and training centres in various regions of China, Alenia said in a press release.

Once the four-year project has been completed, eastern China will have complete radar coverage, allowing it to overcome current air traffic coordination problems with several neighbouring countries, the company said.

In the last five years, Alenia has supplied 15 radar systems to China, installed in 15 different airports, and are due to become fully operational by the end of 1994.

Italians Seal Deals in Aviation, Textiles, Telecoms

HK0711062494 Beijing CHINA DAILY in English 7 Nov 94 p 2

[By Gao Bianhua: "Deals Cement Ties with Italy"]

[FBIS Transcribed Text] China signed two contracts and a letter of intent on Saturday with three Italian companies in the sectors of aviation, textile machinery and telecommunications.

The three agreements were signed after a meeting between Minister of Foreign Trade and Economic Cooperation Wu Yi and visiting Italian Foreign Minister Antonio Martino.

Italian radar producer, Alenia company, has contracted to supply 15 air traffic control (ATC) radar systems to the Civil Aviation Administration of China (CAAC) to help modernize the country's air traffic management.

The \$63 million project was signed between China Instrument Import and Export Corporation and the Rome-based Alenia.

A draft agreement on \$486 million worth of textile equipment was signed between China Textile Machinery and Technology Import and Export Corp, Jilin Chemical Fibre Co Ltd and the Snamprogetti company of Italy.

And the China United Telecommunication Corp. and Italian IRI Group signed a letter of intent for co-operation on funds, personnel training, consulting and engineering contracts.

The radar project will use part of China's third batch of Japanese yen loans totalling about 810 billion yen (\$8.3 billion) and covering 1990-1995.

The contract involves the deployment of primary and secondary radar, data display consoles, computers, communications networks as well as training centres.

The project is expected to be completed in four years.

Alenia is a subsidiary of Italian engineering company Finmeccanica.

CAAC and Alenia signed their first contract in 1989, under which Alenia has supplied 15 radar systems to China. These systems are due to be fully operational by the end of this year, covering most of China's coastal areas.

Wu said Sino-Italian trade relations have undergone smooth development in recent years.

In the first eight months, two-way trade hit \$2.47 billion, up 23 per cent over the same period of 1993, according to Chinese Customs.

So far, Italy has invested \$490 million in 557 projects in China, most of which are small in size.

Political & Social

Press Agency Reports Mass Disturbances in Hubei, Sichuan

LD0611101594 Moscow ITAR-TASS World Service in Russian 0840 GMT 6 Nov 94

[By ITAR-TASS correspondent Marat Abulkhatin]

[FBIS Translated Text] Beijing, 6 Nov—The central Chinese provinces of Hubei and Sichuan have been gripped by unrest. Special troops have been sent there urgently to keep order. Tens of thousands of people came out to demand a better standard of living, ITAR-TASS was told by informed Western diplomats. The main goal, as the leaders of the protests formulate it, is that "there must now be a fair distribution throughout all of China's regions of the profits made in the rich southern coastal areas and special economic zones."

According to current estimates, the increasing unbalance in the economy and in the standard of living in southern and other provinces of the People's Republic of China are turning into a real problem. No fewer than 80 million Chinese do not have enough to eat. In addition, the "new" Chinese in the southern regions and the "special economic zones" live the Western "image."

This situation can only be a worry to Beijing, but so far it has only reacted by sending troops each time the people's patience runs out.

Son Says Deng Xiaoping in 'Good Shape'

HK0711024494 Hong Kong MING PAC in Chinese 7 Nov 94 p B1

[Report by staff reporter: "Deng Xiaoping's Second Son Deng Zhifang Says His Father Is in Good Shape"]

[FBIS Translated Text] During an interview with a reporter from Zhejiang Shaoxing's SHAOXING XIAN BAO [Shaoxing County Bulletin] the other day, Deng Xiaoping's second son Deng Zhifang said that his father "is in good shape."

Deng Zhifang went to Shaoxing to take part in commercial activity in his capacity as the general manager of the Wansheng Communications Industrial Company. A reporter from SHAOXING XIAN BAO took the opportunity to interview him. The reporter said that Deng Zhifang often repeated himself in responding to the questions. When the reporter asked "How is Comrade Xiaoping's health?", Deng Zhifang replied: "Fine, he is fine!" When the reporter asked whether Deng Xiaoping drinks the famous local wine "Shaoxing liquor" every day as reported, Deng Zhifang responded: "Yes, yes. He drinks sometimes." On the question of whether Deng Xiaoping was still playing bridge, Deng Zhifang said: "Yes, sometimes." The headquarters of Deng Zhifang's Wansheng Industrial Company is in Shanghai. But he said: "I still live in Beijing with my father."

Article Views Publication of Deng's Works

OW0411061794 Beijing XINHUA Domestic Service in Chinese 0056 GMT 4 Nov 94

[Article by Pang Xianzhi (6614 0341 4249), Pan Rongting (3382 2837 1656), Wang Zuoling (3076 0155 3781), and Leng Rong (0397 3310): "Further Study and Understand the Theory of Building Socialism With Chinese Characteristics—On the Publication of the Second Edition of Volume 1 and Volume 2 of the *Selected Works of Deng Xiaoping*"]

[FBIS Translated Text] Beijing, 4 Nov (XINHUA)—The second edition of the first two volumes of the *Selected Works of Deng Xiaoping*, with additions and revisions, has been published on the occasion of the first anniversary of publication of Volume 3. This is another major step in implementing the strategic task of arming the entire party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics set forth at the 14th National Party Congress.

The publication of the second edition of Volumes 1 and 2 of the *Selected Works of Deng Xiaoping* provides, from contents to form, a more complete edition of Comrade Deng Xiaoping's three-volume works. The three volumes are chronologically connected, covering 55 years from 1938 to 1992, and are integrated in contents. They incorporate 222 articles, speeches, talks, and inscriptions totaling some 800,000 Chinese characters and include the most important works by Comrade Deng Xiaoping.

The CPC now has two great Marxist theoretical works. One is the *Selected Works of Mao Zedong*, Volumes 1 to 4, the other is the *Selected Works of Deng Xiaoping*, Volumes 1 to 3. These two works are the most valuable spiritual wealth produced in the party's long period of struggle. Under the guidance of Comrade Mao Zedong's works, China's new democratic revolution and socialist revolution succeeded. Under the guidance of Comrade Deng Xiaoping's works, China's socialist modernization has scored tremendous achievements and will surely succeed.

In the period of more than 50 years covered in Volumes 1 to 3 of the *Selected Works of Deng Xiaoping*, earth-shaking changes took place in China and the world. In the wake of World War II and the prolonged Cold War after it, peace and development became the main theme in the contemporary world. As a result of scientific, technological, and economic development, human society has witnessed tremendous progress unseen in the past. After transforming itself from the semi-colonial, semi-feudal old version of China, which was subject to aggression and bullying, to the independent socialist New China which enjoys initial prosperity, China has raised high the great banner of reform and opening up and is marching toward the ranks of modernized countries at an accelerating pace. Under the leadership of the CPC, Chinese society has achieved tremendous progress

unseen in the past. In this great surging historical process, Comrade Deng Xiaoping—as a member of the CPC's leading collective of the first generation, a member of the core of the leading collective of the second generation, as the general architect of reform and modernization in contemporary China, and as a statesman who has made a major international impact—has made outstanding contributions in pushing the progress of history.

Volume 1 of the *Selected Works of Deng Xiaoping (1938-1965)* contains works by Comrade Deng Xiaoping from the periods of new democratic revolution and socialist revolution and construction. From these works, we are able to observe the formation and development of his thoughts, many of which are still of significance as a guide to this day. In particular, his works during the period when he served as general secretary of the CPC Central Committee reflect the collective exploration in socialist construction—in which he participated—and contain the germination of his thinking on building socialism with Chinese characteristics.

Volume 2 of the *Selected Works of Deng Xiaoping (1975-1982)* contains works during the 1975 rectification movement, the elimination of chaos and restoration of order around the time of the Third Plenary Session of the 11th CPC Central Committee, and the initial stage of reform and opening up. In this volume, Comrade Deng Xiaoping comprehensively and systematically expounded the basic viewpoints of Marxism-Leninism-Mao Zedong Thought on socialism, did a tremendous amount of work to thoroughly clarify the ideology and theory, and put forward the basic idea and contents of the theory of building socialism with Chinese characteristics.

Volume 3 of the *Selected Works of Deng Xiaoping (1982-1992)* contains works written during the period of comprehensive reform. In this volume, Comrade Deng Xiaoping continuously sums up fresh experience in the practice of reform, opening up, and modernization, as well as putting forward a series of new viewpoints, and achieving a breakthrough in putting the theory to practice. The volume continues to enrich, develop, and perfect the theory of building socialism with Chinese characteristics in content and organization.

Volumes 1, 2, and 3 of the *Selected Works of Deng Xiaoping* are rich and comprehensive in content. They are our party's brand-new treasure house of the Marxist theory. Volumes 1 and 2 have collected the most important and original works of Comrade Deng Xiaoping in the process of establishing and developing the theory of building socialism with Chinese characteristics. They are the foundation of this theory, and have inherited and developed Marxism-Leninism-Mao Zedong Thought. When studying these three volumes of work, we must focus on studying and mastering the quintessence of emancipating the mind and seeking truth from facts; the basic substance in the theory of building socialism with

Chinese characteristics; and the theory of party-building. We will then have learned the most important thing.

1. Consistently Uphold the Marxist Ideological Line

Emancipating the mind and seeking truth from facts are the quintessence and ideological base of Deng Xiaoping's theory of building socialism with Chinese characteristics as well as a red thread running through volumes 1, 2, and 3 of the *Selected Works of Deng Xiaoping*.

What have we learned from the history of China over 70 years of revolution and construction, as well as over 10 years of reform and opening up? Comrade Deng Xiaoping said: The most important principle is to abide by the dialectical materialism and historical materialism of Marxism. This is also what Comrade Mao Zedong summed up—seeking truth from facts or all tasks should proceed from reality.

In our party's history, there were two big discussions concerning the ideological line on seeking truth from facts.

The first one was during the period from the rectification campaign in Yanan to the Seventh CPC National Congress. During this discussion, Comrade Mao Zedong established our party's ideological line of seeking truth from facts, laying down the ideological base for snatching victory in China's revolution. After the seventh party congress, the party achieved nationwide victory and founded New China in slightly over four years. The "Speech Delivered at a Rectification Mobilization Meeting at the Party School Northern Bureau" in Volume 1 of the *Selected Works of Deng Xiaoping* was written during this period. Comrade Deng Xiaoping later reviewed this historical process and praised the discussion highly. He said: To sum up the painful lessons of rightism, particularly Wang Ming's "leftism," Comrade Mao Zedong initiated the great rectification campaign in 1941 and 1942. A series of his works such as the "Theory of Practice" and "Theory of Contradiction" have laid down the foundation for our party's ideology and theory. He repeatedly stressed the fundamental viewpoint and fundamental attitude for seeking truth from facts, and profoundly explained its meaning. In his inscriptions for the party's central [word indistinct], he wrote four large Chinese characters for "seeking truth from facts [shi shi qiu shi 1395 0057 3061 2508]." In the report delivered at the Seventh Party Congress, he specified that the integration of theory and practice should be placed first in our party's three major disciplines, thereby establishing the ideological line of seeking truth from facts in the entire party. Comrade Deng Xiaoping pointed out: "In the final analysis, this is the reason Comrade Mao Zedong became a great man and led the Chinese revolution to victory." (Page 126 of Volume 2 of the *Selected Works of Deng Xiaoping*, and all following quotations are cited from the *Selected Works of Deng Xiaoping*). In his long-term revolutionary struggle, Comrade Deng Xiaoping has always proceeded from reality,

regardless of whether he is the principal leader of a strategic region or the principal leader of a field army. He was adept at integrating decisions and directives from the party Central Committee and the Central Military Commission with actual local conditions as well as guiding work by putting forward correct policies and strategies. Some directives with general significance were dispatched to the entire party as documents of the party Central Committee and Comrade Mao Zedong for guiding work in various liberation regions. Articles included in Volume 1 of the *Selected Works of Deng Xiaoping* such as "Implementing the Directives of the CPC Central Committee on Land Reform and on Rectification of Party," "Tactics for Work in Guizhou New District," and "Situation and Experience on Land Reform in the Southwest Region" were written under this situation. Comrade Deng Xiaoping has always been a model in implementing the ideological line of seeking truth from facts.

The second great discussion was during the tenure of the Sixth Plenary Session of the 11th CPC Central Committee, which began in 1977 and ended in June 1981, after the "gang of four" was knocked down. During this discussion, Comrade Deng Xiaoping led the whole party in reestablishing the ideological line of seeking truth from facts, which had gradually been departed from since 1957 and was completely discarded during the "Great Cultural Revolution". The great volume of Comrade Deng Xiaoping's discourses on seeking truth from facts was put forward during this discussion. These discourses mainly appear in the Volume 2 of the *Selected Works of Deng Xiaoping*. He criticized the erroneous thinking of the "two whatevers" [support whatever policy decisions Chairman Mao made and follow whatever instructions Chairman Mao gave] and led and supported discussions using truth as a criterion, enabling the whole party to liberate itself from the extremely leftist rigid thinking, and laying an ideological foundation for rejuvenating the Chinese nation and for opening up a new historical period. In his "Speech at the All-Army Conference on Political Work," "Emancipate the Mind, Seek Truth From Facts, and Unite as One in Looking to the Future," and other writings, Comrade Deng Xiaoping thoroughly expounds the ideology of seeking truth from facts. He pointed out that seeking truth from facts is the basis of the proletarian world outlook, the fundamental viewpoint and method of Marxism, and the essence of Mao Zedong Thought. He says: "When everything has to be done by the book, when thinking turns rigid and blind faith is the fashion, it is impossible for a party or a nation to make progress. Its life will cease and that party or nation will perish." [page 143 of Volume 2 of the *Selected Works of Deng Xiaoping*]

He explained the great significance of reestablishing the ideological line of seeking truth from facts not only from the perspective of bringing order out of chaos, but particularly from the perspective of opening up a new

historical period and carrying out reform and modernization. He unequivocally raised the slogan "emancipate the mind and seek truth from facts," and pointed out that emancipating the mind means we should study new situations and solve new problems under the guidance of Marxism. With the common efforts of Comrade Deng Xiaoping and the whole party, the Third Plenary Session of the 11th CPC Central Committee reestablished the ideological line of seeking truth from facts, bringing about a great historical turn. Since then, China has entered the new historical period of socialist modernization. Following the Third Plenary Session of the 11th CPC Central Committee, under the guidance of the correct ideological line, we began to bring order out of chaos in an all-round manner, to devote great efforts to eradicating "leftist" influences, and, at the same time, to suppress rightist interference. Comrade Deng Xiaoping expressly advocated upholding the four cardinal principles. Under his championing, the party Central Committee adopted the "Remarks on Successive Drafts of the 'Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China'", summed up historical experience, clearly distinguished the right from the wrong in history, fully affirmed Comrade Mao Zedong's great achievements and historical position, and correctly appraised and systematically expounded Mao Zedong Thought.

Comrade Deng Xiaoping's discourses on these matters are an important part of Volume 2—they are important contributions by him. These discourses have great significance for strengthening the party's unity and the nation's stability, for providing our party with a basic foothold for continuing to advance, and for ensuring the smooth progress of reform, opening up, and modernization. This has become increasingly clear. The adoption of the historical resolution symbolized the successful completion of the party's efforts to clear up ideological confusion.

What enlightenments have the two great discussions on ideological line and Comrade Deng Xiaoping's discourses on ideological line issues given us?

First, whether or not we have a correct Marxist ideological line decides the fate and future of our party's cause and our party's very survival. We have the experience of achieving brilliant victories twice by carrying out this ideological line—the first time was following the Seventh CPC National Congress, and the second time was following the Third Plenary Session of the 11th CPC Central Committee. Both of these victories enabled our work to develop robustly. We also suffered failures and setbacks and learned bitter lessons twice because we departed from this ideological line—the first time was caused by Wang Ming's "leftist" line, and the second time was after 1957, especially after the "Great Cultural Revolution". Both of these failures and setbacks were serious disasters to our work. This shows that the ideological line issue is something not to be treated lightly. Any mistakes committed on this issue are not minor

mistakes, but serious ones. If these mistakes are not corrected, the party and nation may perish.

Second, after such an ideological line is established, the important thing is to uphold it. The reason that we have achieved tremendous success since the Third Plenary Session of the 11th CPC Central Committee lies exactly in our persistent adherence to this ideological line. From Volume 2 and particularly Volume 3 of the *Selected Works* we can see that at every critical juncture and on every critical issue of reform over the past decade or so, Comrade Deng Xiaoping has always called out loudly and repeatedly of the need to adhere to emancipation of the mind and to seek truth from facts. Having a firm grasp of this cardinal issue will help advance reform in a fundamental way. This is true of reform in the countryside; it is also true of reform in the cities. He pointed out repeatedly in Volume 3 that without the ideological line of emancipating the mind and seeking truth from facts, the series of principles and policies that we have pursued since Third Plenary Session of the 11th CPC Central Committee would have been out of the question. Ours is a brand new undertaking, something that no foreign country has attempted and we cannot find any guidance in the works of Marxism-Leninism. We have to explore a way on our own. At a crucial time for reform in early 1992, Comrade Deng Xiaoping delivered several talks in south China, urging the whole party to further emancipate the mind and adhere to the ideological line of seeking truth from facts. He said: We should be bolder in reform and opening up. For what we regard as correct, just try it and move ahead daringly. "The essence of Marxism is seeking truth from facts. That is what we should advocate, not book worship. The policy of reform and opening up has been successful not because we relied on books, but because we relied on practice and sought truth from facts." "I have not read too many books, but there is one thing I believe in: Chairman Mao's principle of seeking truth from facts. That is the principle we relied on when we were fighting wars, and we continue to rely on it in construction and reform." (p 382, Vol. 3 of the *Selected Works of Deng Xiaoping*) The talks Comrade Deng Xiaoping made in the south gave the whole party and whole nation a profound education in the ideological line of seeking truth from facts and gave rise to another wave of ideological emancipation. His talks in the south, and the 14th CPC National Congress ushered in a new historical phase of China's reform, opening up, and socialist modernization.

Third, to uphold this ideological line, we must conduct education so that the whole party will study and understand the Marxist world outlook, and methods of dialectical materialism and historical materialism. On many occasions Comrade Deng Xiaoping called for efforts to study Marxist philosophy, Comrade Mao Zedong's philosophical works in particular. He pointed out that only by having a good education in philosophy and laying a solid foundation "will we be able to truly redress our mistakes, including both 'leftist' and rightist mistakes." (p 382, Vol. 2 of the *Selected Works of Deng*

Xiaoping) In reviewing the lesson of the past in which we twice deviated from the line of seeking truth from facts due to "leftist" mistakes, he offered the following analysis in terms of ideology and method: Being totally dedicated to the revolution, we are liable to be too impetuous. We are eager to see the realization of communism at an early date. "But it often has prevented us from making a sober analysis of subjective and objective conditions, and we have therefore acted in contradiction to the laws governing the development of the objective world. In the past China made the mistake of trying to plunge ahead too fast." (p 140, Vol. 3 of the *Selected Works of Deng Xiaoping*) "It is necessary to maintain vigilance against the Right but primarily against the 'Left.' He believes that one major cause of "leftist" mistakes lies in a lop-sided and rigid interpretation of Marxism. He has stressed on many occasions that we must have a comprehensive understanding of Marxism-Leninism-Mao Zedong Thought as a system of theory and not regard it as dogma. "In studying Marxism-Leninism we must grasp the essence and learn what we need to know." We must apply its basic principles and methods in the context of changing reality to find solutions to new problems.

One and a half centuries have passed since the birth of Marxism, following publication of the "Communist Manifesto." The world has undergone tremendous changes since then. Marxist theory must constantly develop itself in the context of new situations. We emphasize unswerving adherence to the Marxist ideological line, the emancipation of minds, and seeking truth from facts precisely because we want—in changed times and in the context of the concrete practice of China's reform and modernization drive—to creatively develop Marxism; to constantly raise it to a new level; and to forever preserve its youthful vigor. Comrade Deng Xiaoping pointed out that Marxism and scientific socialism develop in the course of actual struggle. "We will not, of course, backtrack from scientific socialism to utopian socialism, nor will we allow Marxism to remain arrested at the level of the particular theses arrived at as long as a century ago." (p 179, Vol. 2 of the *Selected Works of Deng Xiaoping*) "The world changes everyday, and modern science and technology in particular, develop rapidly. A year today is the equivalent of several decades, a century, or an even longer period in ancient times." (p 291, Vol. 3 of the *Selected Works of Deng Xiaoping*) He said that we cannot expect Marx and Lenin to provide ready answers to questions that have arisen 50 or 100 years after their deaths. "A true Marxist-Leninist must understand, carry on, and develop Marxism-Leninism in light of the current situation." (p 291 Vol. 3 of the *Selected Works of Deng Xiaoping*)

In accordance with the ideological line of seeking truth from facts, Comrade Mao Zedong founded, through exploration, the path for the new democratic revolution. In stressing the importance of emancipating the mind and seeking truth from facts today, we are, in the final analysis, trying to find out what is socialism and we build

socialism in line with this ideological line; and we are exploring a path for building socialism in China in the course of practice. Comrade Deng Xiaoping made this point very clear at the start of reform and opening up to the outside world. In 1980, he suggested that emancipation of the mind should also be made on the question of "what is socialism?" He said: "It will not do if we do not emancipate our minds. We should also emancipate our minds regarding the question of 'what is socialism?' It is not socialism when the economy remains stagnant for a long period of time. It is not socialism when the people's living standards remain at a low level for a long period of time." (p. 312 Vol. 2 of the *Selected Works of Deng Xiaoping*) Following this idea, in the course of practice our party found a correct path for building socialism with Chinese characteristics.

2. Unswervingly Follow the Road of Building Socialism With Chinese Characteristics

Since the Third Plenary Session of the 11th CPC Central Committee, by persisting in combining the basic tenets of Marxism with the concrete practice in China, and by pooling the wisdom of the whole party, Comrade Deng Xiaoping has founded the theory of building socialism with Chinese characteristics. This is the most valuable, great achievement our party has made over the past 10-odd years.

Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has been formed and developed gradually under historical conditions when peace and development have become the main theme of the times; in the course of China's reform, opening up, and modernization drive; by summarizing historical experience, successful and unsuccessful, in building socialism in China; and by drawing on historical experience, positive and negative, in building socialism in other countries. Studying Volume 1 of the *Selected Works* in conjunction with Volume 2 will enable us to see more clearly the formation and development process of this theory.

It was Comrade Mao Zedong who, proceeding from the reality in China, began the exploration for a road to build socialism suitable for the concrete conditions in China. Many articles in Volume 2 of the *Selected Works* fully confirm this is true. Comrade Xiaoping said: "In building socialism, Chairman Mao's greatest contribution is that he integrated the universal truth of Marxism-Leninism with the concrete practice of the Chinese Revolution." (p. 313 Vol. 2 of the *Selected Works of Deng Xiaoping*) "China's socialist road is entirely different from the Soviet Union's; there has been a difference from the start; China has had its own characteristics since its founding." (p. 235 Vol. 2 of the *Selected Works of Deng Xiaoping*)

Noting on several occasions that Comrade Mao Zedong's most successful practice was the three major transformations, particularly the transformation of capitalist industry and commerce, he said: "On the one

hand, industrial and commercial enterprises have been transformed into state-owned ones; on the other hand, the national economy has not suffered any losses." (p. 314 Vol. 2 of the *Selected Works of Deng Xiaoping*) He holds that "On the Ten Major Relationships," "On the Correct Handling of Contradictions Among the People," "Speech at the Enlarged Central Work Conference," and other works written by Comrade Mao Zedong constitute an important contribution to socialist theory. He stressed: "We must uphold what has been proved efficient in the past." (p. 133 Vol. 3 of the *Selected Works of Deng Xiaoping*)

Comrade Deng Xiaoping has drawn on Comrade Mao Zedong's successful experience in exploring how to build socialism, and more importantly, he has summed up the lessons of the mistakes Mao Zedong made. Comrade Deng Xiaoping pointed out: After 1957, Comrade Mao Zedong gradually shifted his attention to the carrying out of political movements and class struggle, to the neglect of expanding the productive forces. In developing the productive forces, not all of his methods and approaches were correct. For instance, the "Great Leap Forward" and people's communes, both of which ran counter to the objective law governing economic growth.

Comrade Deng Xiaoping has given top priority to developing socialist productive forces. Under this prerequisite, he has stressed the importance of proceeding from China's realities and respecting the objective law governing economic growth. From Volume 1 to Volume 3 of the *Selected Works*, we can see that his idea regarding the development of productive forces is consistent. He said in the early days after New China was founded: "Everything should be guided onto the path of developing the productive forces. Communist parties support developing productive forces. Otherwise, they are going against Marxist theory." (p. 148 Vol. 1 of the *Selected Works of Deng Xiaoping*)

It was after Comrade Deng Xiaoping experienced major twists and turns, particularly the disastrous "Great Cultural Revolution," that he began to truly have a profound understanding of this matter. By that time, he no longer treated it in an ordinary way. Instead, he associated it with the question of how to redefine socialism. Facing a grim situation caused by the fallacy of "poor socialism" advocated by the "Gang of Four"—a situation in which production was stagnant, the people's living standard could not be improved for a long time, and the gap between China and economically developed countries was becoming larger and larger—Comrade Deng Xiaoping pondered over the following question: What is actually the superiority of socialism? Does socialism mean poverty or wealth? What is revolution and why do we undertake socialist revolution? It was during such pondering that the theory of building socialism with Chinese characteristics was conceived and created.

We have now clearly realized that the comprehensive rectification in 1975 was of great significance to the

creation of the theory of building socialism with Chinese characteristics. It is not accidental that Volume 2 begins with articles from 1975, and this reflects the consistence between history and logic. In the nine articles of 1975 collected in the second volume, Comrade Deng Xiaoping began to foster the thinking of taking economic construction as the central task, and of reform and opening up; and he already had a brand new concept on the question of how to build socialism.

It was after the Third Plenary Session of the 11th CPC Central Committee reaffirmed the ideological line of seeking truth from facts that the new concept was unequivocally put forward and comprehensively put into practice. During the period from then to the 12th National Party Congress, Comrade Deng Xiaoping led the whole party in bringing order out of chaos in an all-around way. At the same time, after summing up experience, he put forward a series of new principles, policies, theories, and viewpoints, focusing on developing productive forces, carrying out reform, and opening up on the basis of upholding the four cardinal principles. In other words, he had already formulated the strategic plan of "one central task and two basic points." In his opening speech at the 12th National Party Congress, Comrade Deng Xiaoping put forward the idea of "building socialism with Chinese characteristics" and clarified the theory's theme. The theory of building socialism with Chinese characteristics was developed in an all-around way during the course of reform and modernization after the 12th National Party Congress. The theory's development is reflected in a concentrated way in Volume 3 of the *Selected Works of Deng Xiaoping*. Its contents have constantly been enriched, leading to the formulation of clear and definite principles and policies for the economy, political affairs, science and technology, education, culture, military affairs, and foreign affairs; and they are accurately expressed. Theoretical breakthroughs have been made constantly, successively introducing such basic theories as a socialist planned commodity economy, the initial stage of socialism, a socialist market economy, and the essence of socialism. As a system, it has been constantly fine-tuned, summed up in 12 points by both the 13th National Party Congress and Seventh Plenary Session of the 13th CPC Central Committee, further expounded in political, economic, and cultural aspects by Comrade Jiang Zemin in his speech at the meeting celebrating the CPC's 70th founding anniversary, and again summed up in nine points by the 14th National Party Congress. The theory of building socialism with Chinese characteristics was put forward and expounded in a comprehensive and systematic way in Comrade Deng Xiaoping's important talks made during his southern China inspection tour in 1992, and in the political report of the 14th National Party Congress. During the course of creating the party's basic theory, its basic line for the entire initial stage of socialism was formulated. So, during the 18 years recorded by Volumes 2 and 3 of the *Selected Works of Deng Xiaoping*—a period covering such events as the

Third Plenary Session of the 11th CPC Central Committee, and the 12th, 13th and 14th National Party Congresses—Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics was formulated and developed. This was our party's second historic leap, following the first after it put forward the new democracy theory.

The process of formulating the theory of building socialism with Chinese characteristics shows us that the question of "what is socialism and how do we build it?"—a question raised by Comrade Deng Xiaoping—is the theory's most important question. It runs through both Volumes 2 and 3, and has suddenly enlightened us. When we grasp this central question, it will be easier for us to understand the articles in both volumes. Comrade Deng Xiaoping said that he criticized "poor socialism" during the 1975 rectification. This shows us that he began to set things to rights over this fundamental question since then. Around the time of the Third Plenary Session of the 11th CPC Central Committee, what he discussed most were question of ideological line and the question of political line. Both involve the basic theoretical question of "what is socialism?" The newly-added article "Socialism Should First Develop Productive Forces," dated April and May 1980, is an article in which he expounded the question in a more concentrated manner. The article reflects the thorough pondering he did when summing up the historical experience of those years since the founding of the People's Republic, his pondering on the question of what is socialism and how to build it. On this question, Volumes 2 and 3 have comprehensively expounded a series of basic theories and viewpoints on how to build socialism with Chinese characteristics.

The following is a summary of Deng Xiaoping's works, taking into account the newly added works of Volume 2.

On the essence of socialism: Comrade Deng Xiaoping addressed this issue as early as 1980. "Socialism is a good noun. If, however, we do not do our job well, do not have a correct understanding, and if we are unable to adopt correct policies, then we will not be able to give expression to its essence. (p. 313 Vol. 2 of the *Selected Works of Deng Xiaoping*) Even though he did provide an explanation of what is socialism at that time, the fact he always elaborated on the superiority of socialism from the points of developing productive forces and improving the people's living standard demonstrates that he already grasped the essence of the issue. After more than a decade of reflection and practice, he pointed out in clear terms in his talks in the south: "The essence of socialism is liberation and development of productive forces, elimination of exploitation and polarization, and the ultimate achievement of prosperity for all. (p. 373, Vol. 3 of the *Selected Works of Deng Xiaoping*)

On the criterion for judging socialist economic policy: Comrade Deng Xiaoping said in 1980 in "Developing Productive Forces is the First Priority of Socialism":

"Whether a socialist economic policy is correct or not is, in the final analysis, judged by whether it helps develop productive forces or raise the people's income. This is the overriding criterion." (p. 314 Vol. 2 of the *Selected Works of Deng Xiaoping*) He also said that "a socialist country should be able to develop its economy faster and incrementally improve the people's living standards, and there should also be appropriate growth in its national strength." (p. 311 Vol. 2 of the *Selected Works of Deng Xiaoping*) In his 1979 work *Socialism Can Also Practice a Market Economy* he explained what is revolution from the following three aspects: "Revolution is empty talk if it is divorced from the development of productive forces, augment of national strength, and improvement of the people's living standards." (p. 231 Vol. 2 of the *Selected Works of Deng Xiaoping*) From these statements we can clearly trace back the origin of the three causes [conducive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country, and improving the people's living standards] he later put forward in his talks in the south.

On the primary stage of socialism: Summing up the republic's experience and lessons in socialist constructions in the 30 years since its founding, Comrade Deng Xiaoping pointed out in April 1980 that we must first of all "refrain from resorting to 'leftist' methods that are divorced from reality and overstep historical conditions. We will not be able to accomplish socialism that way. 'Leftist' practices brought us disaster in the past." (p. 312 Vol. 2 of the *Selected Works of Deng Xiaoping*) This is one of his earlier observations on the development stages of socialism. Prior to the 13th CPC National Congress in 1987, he demanded that the report to the congress contain an explanation of the theory of the primary stage of socialism, which was to be used to demonstrate why the series of reforms were both correct and necessary. He said: "In everything we do we must proceed from this reality, and all planning must be consistent with it." (p. 252 Vol. 3 of the *Selected Works of Deng Xiaoping*)

On the fundamental task of socialism being the development of productive forces: This is the point of departure from which Comrade Deng Xiaoping reflects on what is socialism. It is on the basis of this philosophy that he correctly solved the principal contradictions in our socialist society and provided the theoretical foundation for the shift of the focus of our work. He pointed out clearly in 1980 that "the top priority of socialism is to develop productive forces" and highly evaluated the role played by productive forces in the development of history. He said: "Revolution requires us to practice class struggle. Revolution is not merely practicing class struggle. Revolution in the area of productive forces is also revolution, and a very important one at that. It is the most fundamental revolution in terms of historical development." "All revolutions are for the purpose of removing the obstacles to the development of productive forces. (p. 311 Vol. 2 of the *Selected Works of Deng Xiaoping*) He suggested in 1984 that "the fundamental task of socialism is the development of productive

forces." And, in his 1992 talks in the south he further advanced the idea that the essence of socialism is liberation and development of the productive forces.

On socialist development strategy: Newly added to Deng Xiaoping's selected works is "China's Objective At the End of This Century Is To Bring About a Comfortable Standard of Living." This is the famous talk made by Comrade Deng Xiaoping during his meeting with former Japanese Prime Minister Masayoshi Ohira in 1979. It was the first time he raised this idea. In Volume 2, the "Current Situation and Tasks" reiterates this idea. A definite and complete idea of "advancing in three steps" took shape in "Draw on Historical Experiences and Prevent Erroneous Tendencies" and other works in Volume 3.

On socialist reform: As early as 1975, reform tasks were already put forward by Comrade Deng Xiaoping. "A Few Opinions on Economic Work," which has been added to his selected works, is one of the early articles in which he specifically discussed the reform issue. "Questions Concerning Rural Policies," "Reform of the System of Party and State Leadership," and others contained in Volume 2 are important works concerning the reform issue. Along with the deepening and development of reform, in a host of articles contained in Volume 3, Comrade Deng Xiaoping comprehensively and systematically further discussed this issue from the angle of integration of theory with practice, and put forward the renowned viewpoint "reform is a revolution."

On the socialist market economy: One of Comrade Deng Xiaoping's major contributions to the issue of reform is the theory of a socialist market economy he put forward. He talks about this theory 10 times in Volume 2 and 3 of his selected works, two times in Volume 2 and eight times in Volume 3. "It Is Also Possible To Practice a Market Economy in Socialism," added to his selected works, is his first talk on the issue of the market economy made in 1979, in which he used the wording "socialist market economy." In Volume 3, "Planning and Markets Are All Methods for Developing the Productive Forces" advances the viewpoint that forwarding a plan is also a method, breaking away from the traditional theory that a planned economy is a special feature of socialism. In his talks during his inspection tour of south China in 1992, he further expounded and developed this viewpoint, which enabled the whole party to reach a consensus on this issue.

On the socialist policy of opening up to the outside world: The policy of opening up to the outside world was also advanced by Comrade Deng Xiaoping in 1975. Judging from his works of 1975 and from his other works—"Carry Out the Open Policy and Learn From the World's Advanced Science and Technology" of 1978 and "A Few Opinions on Economic Work" of 1979—we can see that Comrade Deng Xiaoping initially put forward the idea of opening up to the outside world in connection with the issues of learning from and introducing

advanced science, technology, and management expertise from foreign countries, and of utilizing foreign capital. In these articles he said: "To realize the four modernizations, we must be good at studying and obtaining massive international aid." (p. 133 Vol. 2 of the *Selected Works of Deng Xiaoping*) "We should make all the advanced technologies and advanced achievements of the world the starting-point of our development." (p. 111 Vol. 2. of the *Selected Works of Deng Xiaoping*) "Using foreign capital is a big policy." "In studying financial and economic issues now, our emphasis should be placed on making comprehensive and efficient use of foreign capital." (pp. 198-199 Vol. 2 of the *Selected Works of Deng Xiaoping*) He comprehensively expounded his views of opening up to the outside world in "Run the Special Economic Zones Well and Increase the Number of Cities Opening up to the Outside World," "Speech at the Third Plenary Session of the Central Advisory Commission," and other works in Volume 3 of his selected works.

On political guarantees for socialist construction: In the noted speech "Uphold the Four Cardinal Principles" that he made in March 1979, Deng Xiaoping made a clear call for upholding these four principles, saying that we must publicize them with perfect assurance. He later pointed out that of the four cardinal principles, the most important ones are the upholding of party leadership and socialism. In Volume 3 he further pointed out that people's democratic dictatorship is not less important than the other three and efforts should be made to explain it in terms of theory. Over the decade or so, he has consistently opposed bourgeois liberalization with a clear-cut stand, opposed turmoil, and stressed the need to maintain stability and create a good environment for reform and construction. He also stressed that we must stick to socialism and prevent peaceful evolution. He called repeatedly for us to strengthen socialist democracy and socialist spiritual civilization, to educate the people and make them new people with ideals, morality, knowledge, and discipline. We can tell from the newly-added work "We Must Not Neglect Either Democracy or the Legal System" that Comrade Deng Xiaoping raised the idea of "tackling things with both hands" as early as 1979. He said: "We must uphold democracy on one hand and the legal system on the other. It is like working with both hands and the job will not be done if either hand is weakened." (p. 189 Vol.2 of the *Selected Works of Deng Xiaoping*) In later years, he further put forward a series of strategic tasks of tackling things with both hands and formed, in his talks in the south, the full-blown idea that we must "tackle things with both hands and both hands should be firm."

On science and technology being part of the primary productive forces: With his perceptive mind, Comrade Deng Xiaoping was, as early as 1975, keenly aware that modern science and technology is crucial to social and economic development. The newly-added work "Science and Technology Must Advance Ahead of Others" affirms the idea that science and technology are part of

the productive forces." The "Speech at the Opening Ceremony on the National Conference on Science" in Volume 2 provides a systematic exposition of this point. In 1988, he further advanced the idea that "science and technology are part of the primary productive forces."

On socialist foreign policy. Comrade Deng Xiaoping has abundant ideas for diplomatic strategy, and most of these ideas are in volume 3. The second edition of volume 2 has been expanded with three articles on foreign affairs. In one of the articles, entitled "China's Foreign Policy" which was published in 1982, he sums up China's foreign policy in three phrases: Oppose hegemonism, safeguard world peace, and strengthen the unity and cooperation with the Third World. He also put forth the policy of opposing hegemonism and safeguarding world peace as "the guiding principles for our foreign policy." He points out in his 1978 article "Achieve the Four Modernizations and Never Seek Hegemony" that, as a socialist country, China must never seek hegemonism and if it does, "it will expel itself from the Third World, and it certainly will no longer be a socialist country." (p. 112, Vol. 2) Comrade Deng Xiaoping's important observation on what is socialism can be seen from his statement that socialism with Chinese characteristics is "socialism that stands for peace." (p. 328, Vol. 3)

On "one country, two systems." The idea of "one country, two systems" is a very important point in building socialism with Chinese characteristics. The concept derived from the Taiwan issue. From these two articles—"The Agenda of Settling the Taiwan Issue and Accomplishing the Great Cause of National Reunification," and "The Tasks for the United Front and the People's Political Consultative Conference During the New Period"—we can see how the idea was born in Comrade Deng Xiaoping's mind. The idea of "one country, two systems" subsequently took shape and was developed during the settlement of the Hong Kong issue. Most of the works on this issue can be found in volume 3.

The general and specific policies as well as the theoretical viewpoints surrounding the issue of primary importance—namely what is socialism and how to build socialism—have deepened our understanding of socialism. While recalling the way our party understood the new democratic revolution, Comrade Deng Xiaoping said: Shortly after its founding, our party stated that anti-imperialism and antifeudalism should be the assignments for the first-stage revolution. "But does it mean that we really understood what anti-imperialism and antifeudalism were when we set forth these assignments? No! This is because it was not at all easy to formulate a correct anti-imperialist and antifeudalist strategy and execute the tactics....Our party neither addressed nor clarified these issues over a considerable period of time." (pp. 340-341, Vol. 1) Our party has also gone through such a process in understanding socialism. The 1956 Eighth National Party Congress, which was the hallmark

of the establishment of China's socialist system, laid down the correct line that efforts should be concentrated on developing productive forces in society. However, we failed to uphold the line and many of the congress's correct ideas because the party was still mentally unprepared for building socialism in various areas. When the Third Plenary Session of the 11th CPC Central Committee was held in 1978, our party, after learning from its successes—and especially from its failures—reassessed what exactly socialism was and made it clear that socialism should give top priority to developing productive forces, and we began to follow the right path by putting forth the tasks of carrying out reforms and opening up to the outside world. Following the publication of Comrade Deng Xiaoping's talks in southern China and the convocation of the 14th National Party Congress in 1992, and after summing up the successes achieved in carrying out reforms over a period of more than a decade, our party began to understand the real nature of socialism and came up with a set of systematic theories and general and specific policies proven to be effective in various fields. During the period from the Third Plenary Session of the 11th CPC Central Committee to the 14th National Party Congress, our party gradually acquired a clear idea of what socialism was and how to build socialism.

Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics occupies an important place in the history of the development of Marxism.

Marx and Engels summed up the achievements of human civilizations, revolutionized the human history of knowledge, and created Marxism. Marxism reveals the law of the development of the human society, pointing out that the replacement of capitalism by socialism is an irreversible trend.

On the basis of the basic theories in Marxism, Lenin found—not from books but from reality, logic, philosophical thoughts, and communist ideals—a revolutionary path, came up with the theory of carrying out the proletarian revolution during the imperialist era, created Leninism, and built the first socialist state in the world.

Associating the basic tenets of Marxism and Leninism with China's actual situation, Mao Zedong charted the course of surrounding cities from the countryside, created Mao Zedong Thought, won the victory of the new democratic revolution, and led China to follow the socialist path.

Inheriting and developing Marxism-Leninism-Mao Zedong Thought, Deng Xiaoping, in view of the tremendous changes in the world at a time when China was embarking on reform and modernization, came up with a whole set of theories on socialist society's productive forces as well as reform and opening up, and created China's contemporary Marxism of building socialism with Chinese characteristics. For the first time, this theory has initially but systematically answered the

many questions concerning the way to build socialism in such an underdeveloped big country in the East as China.

The theory of building socialism with Chinese characteristics will continually expand, develop, and improve in actual practice. However, its correctness has been proven in practice. We will attain greater victories in the reform and modernization drive by unswervingly upholding the theory and firmly and unremittently following Comrade Deng Xiaoping's road of building socialism with Chinese characteristics.

2. Pay Full Attention To Properly Facilitating Party Building

The Communist Party is the key to whether or not China's affairs will be properly handled. The most basic guarantees to our undertakings' success include correct ideologies and lines, a set of scientific theories, and a good party.

Lenin proposed a comprehensive set of doctrines on building proletarian political parties. In accordance with the doctrines, he established a good party which led to the success of the Russian October Revolution. Mao Zedong developed Lenin's party-building doctrines to their fullest. He established a good party by proposing a comprehensive set of theories on guiding ideologies, purposes, the three important work styles of the CPC [integrating theory with practice, forging close links with the masses, and practicing self-criticism], and on the party's organizational principles. This led the party to successes in China's new democratic revolution and socialist revolution. Deng Xiaoping has carried forward and developed party-building doctrines of Lenin and Mao Zedong, particularly that of Mao Zedong. Under new historic conditions, he proposed party-building theories in a new period. Consequently, the CPC leadership has been continually strengthened and improved, and China has made enormous accomplishments in its socialist modernization drive. Comrade Deng Xiaoping's party-building theories are an important part of the theory of building socialism with Chinese characteristics, and have indicated the direction for China's party-building in the new period.

The *Selected Works of Deng Xiaoping* has abundant passages on party-building. Volume 1 of the selected works lists a "Report on Amending the Party Constitution," delivered by Comrade Deng Xiaoping at the Eighth CPC Congress. The book has been the most important work that comprehensively summarizes and expounds party-building theories since our party became the ruling party. Volume 1 also has other relevant articles on the topic, including the "Communist Party Should Accept Supervision," a "Speech at the Enlarged Central Work Meeting," and "Building a Mature Party with Fighting Capability." Comrade Deng Xiaoping thoroughly commented on new trials facing the party after it became the ruling party, and on issues including the

party's mass line, democratic centralism and collective leadership of the party, and the party's unity. Furthermore, he pointed out: The type of party we establish will not only concern our own generation, but also concern the second and third generations. The party is the core issue in a country's revolution. Only a good party will be able to lead the revolution to victory. After achieving our victorious revolution, we will still need a good party to build socialism. Otherwise, the victory will be unsustainable.

Both the second and third volumes gather Comrade Deng Xiaoping's theories on party-building in a new period. He proposed the party's lines on ideologies, politics, and organization in a new period. Additionally, he also proposed the party's basic theories and basic line. He always stressed the importance of party-building whenever China's reform was at a crucial juncture or whenever a major task was proposed. During 1975's rectifications, he pointed out: "The party is the focus of rectifications. As long as we grasp the central link in rectifying the party, it will be easy to rectify various other areas (page 35, Volume 2). After the party shifted priority in its work, he stressed: The four-modernizations drive is very arduous. "In the final analysis, we will need the leadership of a good party." "A good party's leadership is the key to whether or not the four-modernizations drive will be materialized." Throughout the process of reform, he comprehensively expounded various party-building issues including developments in ideology, organization, and work style. After 1989's political disturbances, he acted against various existing problems within our party, and urged Standing Committee comrades of the CPC Central Committee Political Bureau to pay close attention to strengthening party-building. He said: "It was high time we grasped party-building. Otherwise, the party will not pull through [bu zhua bu xing le 0008 2119 0008 5887 0055] (page 314, Volume 3). In the early nineties, major changes have taken place in the international situation, and China's reform has reached a crucial juncture. Comrade Deng Xiaoping pointed out: "The key to resolving China's problems lies on whether the Communist Party has a good political bureau, especially a good political bureau standing committee. As long as there is no problem in this link, China will be as stable as Mount Taishan [or as firm as a rock] (page 365, Volume 3). He explicitly pointed out in his speech in south China: "If any problem at all arises in China, it will arise from within the Communist Party." "In the final analysis, the crux of the matter is for us to properly handle the Communist Party's internal affairs. If everything goes well, we can then relax and sleep soundly." (pages 380-381, Volume 3)

Party building issues that Comrade Deng Xiaoping commented on the most are:

First, the need to uphold and improve party leadership.

After our party restored order in the country and since our country embarked on reforms and opening up, many

people expressed skepticism about and opposition to CPC leadership, and hostile forces in the West invariably aimed their attacks at the CPC leadership. In view of this, Comrade Deng Xiaoping time and again stressed the need to uphold party leadership. He cited the histories of the international communist movement and China's revolutions to prove the importance of upholding the party's leadership. He pointed out: Upholding the party's leadership constitutes the core of the four cardinal principles; without the CPC, we would have no socialist New China nor anything in modern China; and without the CPC to unify the minds and efforts of hundreds of millions of people to build socialism, a big country such as China would become divided and be unable to achieve anything. He added: "We cannot afford to renounce the CPC leadership. If we do, there will be upheavals or instability, and once there is instability or even upheavals, no construction can be accomplished." (p 252, Vol. 2)

He poignantly said: "Opposing the party's leadership is the core of bourgeois liberalization." (p 391, Vol. 2) He said we must criticize and educate those inside and outside the party who attempt to weaken, shake off, remove, or oppose the party's leadership; and we must even struggle against them. Comrade Deng Xiaoping also stressed: The party must improve its leadership to uphold its leadership. During the "Cultural Revolution," Lin Biao and the "Gang of Four" caused extremely great damage to our party; it is urgent that our party restore its fighting capability. To this end, he set forth the need to rectify the party during the 1975 consolidation drive. After the new period started, he restated that the state of the party was not in line with the needs of modernization, saying that "consolidation is really necessary." He said that, to consolidate the party's ideology, work style, and organization, the party must improve its leadership and its leadership system. He added that, to improve its leadership, the party must do an even better job in upholding the party's leadership, not weakening it.

Second, the need to uphold and improve democratic centralism.

Comrade Deng Xiaoping attaches great importance to democratic centralism. During several important meetings since the republic's founding, and when the party and state were at crucial historical moments, Comrade Deng Xiaoping always discussed the need to uphold democratic centralism with the whole party, especially members of the leading hierarchy. He said: Democratic centralism is the party's fundamental organizational principle, the most basic system of the party and state, our traditional system, and an important way to demonstrate the superiorities of our party and socialist system. Summing up the lessons learned from the "Cultural Revolution," he pointed out that the system's destruction was one of the important mistakes committed in the past. He noted on many occasions that efforts should be made to reinstate and reestablish the situation Comrade Mao Zedong advocated—a "political situation in which

there are both centralism and democracy, both discipline and freedom, and both unity of will and personal ease of mind and liveliness." He maintained that such a political situation was an important requirement for achieving the four modernizations, and that the histories of the CPC and the international communist movement showed that whether or not democratic centralism was successfully implemented or whether it was upheld or forsaken had a close bearing on the success or failure of the party cause and on the survival of the party. Comrade Deng Xiaoping pointed out that the democratic centralism we followed was a combination of centralism on the basis of democracy and democracy under the guidance of centralism. According to the requirements for democratic centralism, while we must give full scope to democracy to arouse the enthusiasm and creativity of party members and the people, we must also uphold centralism in areas where centralism must be upheld. He said: "Our party is a united, consolidated, and militant party. Without democracy, there will be no centralized unity; and without centralized unity, the party will have no fighting power. Our party must always maintain its centralized unity. Only such a party can have genuine fighting power. However, such a united party can only be built on the basis of democracy and on the basis of giving full scope to democracy." (p 307, Vol. 1)

When reforms continued to deepen and when the economy continued to expand during the late eighties, he explicitly pointed out: The Central Committee must be more authoritative. This is a major issue of following through with democratic centralism and this is where the highest interests of the party and the nation lie. Summing up the lessons the party learned from the mistakes it had made since the republic's founding, Comrade Deng Xiaoping noted that, to strengthen the party's democratic centralism, special efforts should be made to address institutional issues. He incisively pointed out: "I am not saying that no individuals were responsible for the destruction in the decade-long 'Cultural Revolution,' I am saying that leadership and organizational issues are more fundamental, more prevalent, more constant, and more long-lasting. The whole party must attach great importance to such institutional issues because they have a close bearing on whether or not our party and state will change their color." (p 333, Vol. 2)

Third, we must forge closer party-people relations, establish a good party style, and oppose corruption.

Under the new historical conditions of reform and opening up, Comrade Deng Xiaoping repeatedly exhorted the party to maintain the character of a proletarian political party and the aim of serving the people wholeheartedly, and not to be separate from the people. He said: The people are the source of our force, and the mass line and the mass viewpoint are our cherished heritage. If a party organization critically separates itself from the people and does not take any resolute corrective measures, it will definitely fail and be abandoned by the people. Our party has established the political line of

wholeheartedly engaging in socialist modernization. On the basis of focusing our efforts on developing the productive force, we have continued to improve and raise the people's material and cultural life standards, thereby fundamentally representing the people's greatest interests and forging close party-people relations. After establishing the political line, the crux lies in whether the party can carry forward the revolutionary spirit to influence and spur the people to accomplish the great mission. Comrade Deng Xiaoping repeatedly stressed: Our party members and cadres, particularly high-ranking cadres, must strive to renew the glorious tradition of Yanan. "It is necessary to educate comrades in the party in carrying forward the spirit of selflessness, the spirit of submitting to the overall situation, the spirit of arduous struggle, and the spirit of honesty while performing one's duties as well as upholding the socialist ideology and morality." (page 367, Vol. 2)

He said: From Yanan to New China, apart from relying on correct political direction, we depended on these precious revolutionary spirits to attract all the people and achieve victories in the revolution and construction. In connection with problems in party and social styles since reform and opening up, he solemnly pointed out: The party's current line and policies are good, and the principle of reform and opening up must be upheld. However, the styles of some party members and cadres as well as social styles are really bad. "We have made considerable and encouraging progress in economic construction. This is our country's success. However, if party style continues to deteriorate, what is the significance of a successful economy? The situation will turn bad in other aspects, which will in turn affect the entire economy, making it bad and further developing it into a world full of corruption, robbery, and bribery." (page 154, Vol. 3) He specifically pointed out: We must resolutely oppose the corruption phenomenon in the party, practically embark on several anticorruption tasks, and "struggle against corruption in the entire process of reform and opening up." (page 379, Vol. 3) He pointed out: The party is an example for all of society, and the crux of changing social styles lies in setting right the party's styles.

Fourth, we must build leading bodies and the cadre force in accordance with the principle of training people who are more revolutionary, better educated, younger in average age, and professionally more competent.

Training and selecting leading cadres who possess both ability and political integrity is an issue that concerns the overall situation. The issue is one Comrade Deng Xiaoping is most concerned about and one of the most talked about subjects in Volumes 2 and 3. Comrade Deng Xiaoping pointed out: A correct political line must be guaranteed by a correct organization line. Whether or not Chinese affairs can be effectively managed, socialism and reform and opening up can be upheld, the economy can be developed a little quicker, and the country can maintain long-lasting peace, in a certain sense, the crux

lies with the people. This is a question of strategy and a question that concerns the long-term interests of our party and country. We have to depend on it if we intend to keep the party's basic line for 100 years. He pointed out: Cadres must be more revolutionary, better educated, younger in average age, and professionally more competent. We must place top priority on training cadres who are more revolutionary. We must pay attention to training cadres who possess both ability and political integrity. The so-called political integrity principally refers to integrity in upholding the socialist road and the party's leadership. We must select and boldly place in new leading organizations people who are generally recognized to have upheld the line of reform and opening up as well as possess political achievements.

He attaches special attention to the issue of training younger cadres. His first goal for political restructuring is to consistently maintain the party's and state's vitality, and his main task is to train leading cadres who are younger in age. He proposed: We must formulate a series of systems to encourage young people. The primary task of veteran cadres is to select middle-aged and young cadres. In 1980, he proposed abolishing the existing system of lifelong leading jobs for cadres and to establish a retirement system. He has earnestly practiced what he advocates, and set an example for the entire party in the aspect of abolishing lifelong leading jobs for cadres.

Ours is a ruling party with 45 million members leading a big socialist country with a population of nearly 1.2 billion. In a world that is undergoing drastic changes and amid the great changes at home brought about by China's ongoing reform, opening up, and modernization drive, the party has heavy, historical missions on its shoulders. The Fourth Plenary Session of the 14th CPC Central Committee held not long ago called for "building the party into a political party of Marxism that is armed with the theory of building socialism with Chinese characteristics; that serves the people wholeheartedly; that is fully consolidated ideologically, politically, and organizationally; that can withstand the tests of all hazards; and that always advances ahead of the times."

This is a new, great undertaking. To accomplish it, we must conscientiously study and implement Comrade Deng Xiaoping's theory for party building in the new period; in line with the plans adopted at the 14th CPC National Congress, pay close attention to the party's ideological education; and promote, more intensively and on a wider scale, the study of the theory on building socialism with Chinese characteristics among all party comrades. We must expend efforts on improving the party's workstyle, and make intensive and persistent efforts to carry the anticorruption struggle through to the end. At present, it is especially important to strengthen the party organizationally; uphold and improve democratic centralism; and enforce grass-roots party organization and select fine Jing cadres, and bring up a large number of leading personnel who are able to shoulder heavy responsibilities in this and the next centuries.

Reading Volumes 1 to 3 of the *Selected Works of Deng Xiaoping*, one will deeply feel that Comrade Deng Xiaoping's thought [deng xiao ping de si xiang 6772 1420 1627 4104 1835 1927] is consistent, systematic, and comprehensive; his thought is also a developing one. He deeply pondered the issue of socialism during the 1975 rectification movement and during the Third Plenary Session of the 11th CPC Central Committee, coming up with the idea of emancipating the mind and seeking truth from facts, the idea of making economic construction the central task, the idea of seizing the opportune time to accelerate development, and the idea of persisting in the policy of reform and opening up on one hand and adhering to the four cardinal principles on the other. He brought up these ideas many times in the past decade or so, urging us, under all circumstances, to adhere to them and carry them out through to the end without change.

Many of his ideas—the great significance of which we became deeply aware only years later—such as the essence of socialism, the criterion for judging the success or failure of reform policy, tackling things with both hands, and the socialist market economy, were raised in a vivid manner in early days of reform. Focusing on the fundamental issue of what is socialism and how to build it, he advanced a series of interrelated theories, ideas, principles, and policies on such questions as the development stages of socialism; fundamental tasks; development strategy; motive forces; external conditions; political guarantees; the leading force; and the force we have to rely on, forming a complete theoretical system. His thought covers politics, economics, culture, diplomacy, military, and other areas, offering a series of comprehensive expositions on the interrelations between upholding the policy of reform and opening up on one hand and upholding the four cardinal principles on the other; between reform of the economic structure on one hand and that of the political structure on the other; between material and spiritual civilizations; between strengthening democracy on one hand and improving the legal system on the other; and between reform, development, and stability. Every time he advances a new theory or idea, he tests it in the context of practice to enrich and improve it, making new discoveries and breakthroughs all the time. His theory on building socialism with Chinese characteristics was shaped and developed step by step in such a way.

In reading Volumes 1 to 3 of the *Selected Works of Deng Xiaoping*, we are also given a strong impression of Comrade Deng Xiaoping's distinctive revolutionary style as a great proletarian revolutionary. During the revolutionary war, he always displayed the heroic spirit of daring to fight and win as an outstanding military strategist, as well as the revolutionary character of stressing overall interests and subordinating local interests to overall interests, and firmly implemented the strategic policy decisions of the CPC Central Committee and Comrade Mao Zedong. At a crucial, historic turning point in the war of liberation, he and Comrade Liu

Bocheng led a field army in marching thousands of li into Dabie Mountain under extremely difficult conditions, thus greatly influencing the development of the war as a whole. Thereafter, the General Front Committee under his leadership led two field armies to wage the Huai-Hai and Cross-Changjiang Campaigns that shocked the world and the country. During the 1975 rectification period of the "Great Cultural Revolution," he waged, with great courage and boldness, a blow-for-blow struggle against the "Gang of Four." After the "Gang of Four" was toppled, he led the party in boldly and resolutely setting things to rights across the board, thus ushering in a new historical period. He led China in carrying out the awesome, great cause of all-around reform, opening up, and modernization, which attracted worldwide attention. Despite dangers in the course of reform and tremendous pressures from foreign hostile forces, and in the face of the changing international situation, he remained calm and stable as Mount Tai as he coolly judged and correctly analyzed various factors, and resolutely made policy decisions to seize the favorable moment to bring reform and modernization into a new development phase.

He was able to accomplish all this precisely because he had a firm conviction in communism, which had remained unchanged since his youth. He is a great patriot who has waged a lifelong, heroic struggle for the Chinese nation's liberation, rise, and rejuvenation. Always keeping the vantage point of the entire human race and standing at the forefront of the developments of the times, he has observed and considered issues from the overall interests of the world and China. He has always paid close attention to the people's interests and wishes, taking the people's support, endorsement, happiness, and agreement, or the lack thereof, as the starting point and end result in formulating various principles and policies. He respects practice, carries on what is left behind by previous generations while breaking out of outmoded conventions, and keenly developing Marxism creatively during the course of practice with a realistic and innovative spirit.

When studying Comrade Deng Xiaoping's works, we should not only study his ideology, theory, stand, viewpoint, and method but should also emulate his revolutionary style. Only by doing so can we study his works well, thoroughly, and fully.

The entire party is now seriously studying Volume 3 of the *Selected Works of Deng Xiaoping* in accordance with CPC Central Committee arrangements. Studying both this and the previous two volumes, especially Volume 2, can help us gain an overall understanding of Comrade Deng Xiaoping's thought and mental outlook, as well as a deeper understanding of the theory on building socialism with Chinese characteristics. This will surely give strong impetus to broadening and deepening our study. Let us closely rally around the CPC Central Committee with Comrade Jiang Zemin at the core; persistently arm the entire party with Comrade Deng

Xiaoping's theory on building socialism with Chinese characteristics; adhere to the party's basic line for 100 years without wavering; and work hard for a triumphant march into the 21st century in accordance with the CPC Central Committee principle of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability."

First Two Volumes Revised

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[XINHUA notes that passages in boldface appear in boldface in the works cited]

[FBIS Translated Text] Beijing, 2 Nov (XINHUA)—The People's Publishing House published the second edition of the *Selected Works of Deng Xiaoping (1938-1965)* and the *Selected Works of Deng Xiaoping (1975-1982)*, which were renamed Volumes 1 and 2 of the *Selected Works of Deng Xiaoping* after being revised by a CPC Central Committee editorial committee on party literature with Comrade Deng Xiaoping's approval.

Volumes 1 and 2 contain four and 14 additional articles, respectively. The main contents of articles added to the two volumes are given below:

Introduction to Additional Articles in Volume 1

"Outline of a report submitted to an urban work meeting of the Southwest Bureau", written in December 1950. At that time, Comrade Deng Xiaoping was the first secretary of the CPC Central Committee Southwest Bureau. In line with the guidelines of the Second Plenary Session of the Seventh CPC Central Committee on shifting the focus of party work from rural to urban areas, the report took into account the actual situation in the southwest region, and made a comprehensive exposition on a string of major issues concerning urban work. The report pointed out: We must pay more attention to strengthening leadership over urban work. If we do not intensify urban work, and let cities lag behind rural areas in their progress, we will risk the danger of leaving a gap between urban and rural areas. To carry out urban work, we must wholeheartedly rely on the working class to learn the method of managing and building cities. The issue of production management is the most central, and presently the weakest, link in urban work. We should work harder on this issue. This is because if we fail to improve the production sector, particularly with respect to the management of factories, we will not be able to change consumption-oriented cities into production-oriented ones, an agriculture-oriented country into an industry-oriented country, and let new democracy develop into socialism.

"First we make education universal, then we improve it". This was a speech made at a CPC Central Committee Secretariat meeting to discuss educational work in April

1958. Comrade Deng Xiaoping was then the CPC Central Committee general secretary. The speech—made at that time in light of the situation in primary and middle schools, particularly vocational middle schools, where undue emphasis was put on quantity to the neglect of educational quality—pointed out that schools should guarantee and improve the quality of education, which should not go down in existing schools of all types. It said: Now, we should focus on summing up our experiences, and rectify and solve problems that have surfaced previously in an appropriate manner. Our principle is to first make education universal and then improve its quality, and to not overemphasize one at the expense of the other. Making education universal without improving its quality will not bring rapid progress in science and culture, while improving educational quality without making it universal will not fulfill all aspects of our country's needs.

"The important thing is to perform our day-to-day work", was part of a speech made while meeting all comrades who attended a national meeting of provincial, municipal, and autonomous regional women's federation chairwomen in December 1961. The speech pointed out: In conducting work related to women, one must handle matters in her domain, discuss major issues, and broaden her horizons. In view of party leaders' enthusiasm and tendency toward conducting mass movements at irregular intervals to the neglect of their day-to-day work, the speech emphasized: The mass line is a long-standing, fine tradition of our party, and we count on the day-to-day work conducted by individual mass organizations to complete all our work. We should not focus on mass movements all year long, for they are but just a form of the mass line. Should we do that, exaggeration and formalism will result. Only with grass-roots and day-to-day work can we hope to implement all our principles and slogans.

"Plant our feet firmly in reality, and look to the future". This was the thrust of a speech delivered at a meeting of the drafting committee of an industrial decision in August 1963. At that time, national economic development was in a period of readjustment. The author pointed out that the issue of how to plant our feet firmly in reality, and look to the future is most pertinent to industrial development. We should make a sober estimate of our existing foundation; overestimating or underestimating things are not good. When we formulate principles and plans for industrial development, we should take into account our agricultural, industrial, and scientific and technological foundations, as well as our managerial skill. Arranging our list of priorities in the order of agricultural, light, and heavy industries will in the long run bring faster and better development. Our goal of struggle is to become one of the major industrial powers in the world in 40 years' time. Our objective in the near future is to tentatively or basically build an independent industrial system that covers the whole nation, which we envisage will be completed in the next five to seven years. In the course of achieving that, we

should first focus on the issue of supplying food, clothing, and basic necessities; second on the basic industry; and third on state-of-the-art national defense technology.

Introduction to Additional Articles in Volume 2

"Scientific research work should be in the forefront". This remark was interjected while listening to reports by responsible comrades of the Chinese Academy of Sciences in September 1979 on "Some Issues Concerning Scientific and Technological Work" (Outline of Report). It was then the latter period of the "Cultural Revolution," during which Comrade Deng Xiaoping, who had been reinstated, was in charge of central work and was setting about rectifying things on all fronts. In his remark, he explicitly pointed out that science and technology are the force of production, and workers in the scientific and technological fields are laborers. We will hold back national construction if we do not put scientific research work in the forefront. We should pave the way for scientific and technological workers who show prospect by paying attention to them and supporting them. In the final analysis, the success or failure of scientific research work hinges on the issue of the leading body. Those who one, do not know their job; two, are unenthusiastic; and three, show factionalism should not remain in the leading body. Logistics work, which is very important, should be handled by those who have fine party spirit and strong organizational power.

"We will achieve the four modernizations, and will never seek hegemonism". This was part of a speech made while meeting a government economic and trade delegation from the Republic of Madagascar in May 1978. According to the speech, science and technology have no class character, and all advanced technologies and achievements of the world should be made the lead-in point for our development. Our slogan is less empty talk and more work. The speech reiterated that China, which could not practice hegemonism because it is a socialist country, would forever belong to the Third World and never seek hegemonism. When we become a developed country in the future, we will still not seek hegemonism. We would just forfeit our Third World country "membership" if we act like an overlord. We should educate our posterity about that.

"We should use advanced technology and management methods to transform enterprises", was part of a speech delivered while hearing a report by a responsible comrade from the Anshan City CPC Committee in September 1978. The speech pointed out that we should first, master technology imported to transform enterprises, and second, become more creative. At the moment, it is very important for us to race against time. The world is developing. If we fail to advance technologically, we will not be able to keep up with the world, not to say surpassing it. We must manage the advanced technological equipment we imported with the help of

internationally advanced management methods, operational methods, and quota systems, that is, we should manage our economy according to the law of economics. We should revolutionize our technology and management, develop production, and increase the income of workers and staff members. In addition to taking into consideration the transformation of enterprises, we should also give overall consideration to the fabric of society in cities when developing all types of service trades. We should expand localities' power, particularly that concerning enterprises. Cadres should use their brains and should not be sluggards.

"We should implement the opening-up policy, and study world-advanced science and technology". This was part of the speech made to a news delegation from the Federal Republic of Germany in October 1978. The speech pointed out: It is now time for us to learn from advanced countries of the world. We will not become a developed country if we close our doors, stand still and refuse to make progress, and show parochial arrogance. To achieve the four modernizations, we should be adept at emulating others, and seek a lot of international help. As the lead-in point for development, we must import advanced technology and equipment from the world. We must preserve our fine tradition, but we should fix new policies in line with new situations. The socialism system and the system of socialist public ownership, our basic systems, must hold sway. Advanced technology, which we import to develop the productive force and improve the people's living standard, will benefit our socialist country and our socialist system.

"A specific program has been adopted to solve the Taiwan issue and accomplish the great cause of the motherland's reunification," was a speech delivered on New Year's Day in 1979 at a forum held by the National Committee of the Chinese People's Political Consultative Conference [CPPCC] to discuss a "Letter of the National People's Congress Standing Committee to Taiwan Compatriots." Comrade Deng Xiaoping was then the National CPPCC Committee chairman. In his speech, he pointed out: New Year's Day 1979 is an unusual day because of these three features: First, the focus of national work has been switched to four modernizations; second, Sino-U.S. relations have been normalized; and third, a specific program has been formulated to return Taiwan to the motherland and achieve the great cause of the motherland's reunification.

"We should make use of foreign funds and former industrialists and entrepreneurs for our construction projects." This was an excerpt of a speech when he was meeting with Chinese industrial and business leaders in January 1979. The speech pointed out: The Third Plenary Session of the 11th CPC Central Committee decided to shift the work priority to the socialist modernization drive. It will not work if we do not hurry because we have already wasted too much time. Yet we must not repeat the mistakes of 1958. We should utilize more channels to operate our construction projects. We can make use of

foreign funds and technology. Overseas Chinese and Chinese compatriots may return to open factories. We should let former industrialists and entrepreneurs play their roles and strictly implement relevant policies regarding them.

"Neither democracy nor the legal system can be weakened." This was an excerpt of his speech when he was meeting with a delegation of the Japanese Komeito, led by its chairman Yoshikatsu Takeuchi, during the party's eighth visit to China in June 1979. The speech stressed: To strengthen democracy, we must also upgrade legal system. The speech pointed out: Our laws are too inadequate. In fact, we have not had laws or anything to adhere to for many years. We should formulate a series of laws which are the required guarantee for establishing political stability and unity. Democracy and the legal system are just our two hands; neither can be weakened.

"Several ideas on economic work". This was part of a speech at a meeting for first secretaries of provincial, municipal, and autonomous regional CPC committees in October 1979. The speech pointed out: Economic issues are overriding political issues. All our long-term tasks should emphasize economic work in the future. Political work should be integrated with economic tasks. We should perform economic work more and more meticulously; operate in accordance with economic laws and regulations; and refrain from lying, cheating, or using empty slogans. We should cultivate a number of experts and cadres with specialized skills and change the irrational system of cadres. The current economic readjustments aim to create conditions whereby the economy can develop relatively favorably and rapidly. Speed and figures must be realistic and not exaggerated. Our current readjustments should also include some preparatory work. If we do not start now, we will not be able to have extra productive capacity later. We should take everything into consideration and have farsightedness. Making use of foreign funds is one of our major policies. We should uphold such a practice. It will be a pity if we do not utilize foreign funds, as the opportunities are hard to come by. Whatever happens, we should uphold the policy of expanding enterprise autonomous powers. The financial system is currently inadequate in both centralized and decentralized aspects. The overall policy aims to relatively enlarge local financial powers so that localities have more maneuvering flexibility. However, the central authorities must guarantee a certain level of centralization and hold certain amounts of funds so as to ensure that some crucial investment projects which can only be undertaken by the central authorities shall not be adversely affected.

"Various democratic political parties and the All-China Federation of Industry and Commerce are political forces serving socialism." This was an excerpt of a speech at a reception held by the Chinese People's Political Consultative Conference National Committee and the CPC Central Committee United Front Work Department in October 1979 for representatives attending congresses of

various democratic political parties and the All-China Federation of Industry and Commerce. This was another important speech by Comrade Deng Xiaoping expounding the characteristics and tasks of China's united front work. During China's new historic period, united front work is still an important magic weapon. It cannot be weakened or curtailed; on the contrary, it should be strengthened and expanded. It has developed into the broadest alliance for all socialist workers and patriots supporting socialism and reunification of the motherland. The speech specifically pointed out: Carrying out multiparty cooperation under the CPC's leadership has been determined by China's specific historic and actual conditions. The practice has become a characteristic and an advantage in China's political system.

"Socialism can also operate a market economy." This was part of a speech when meeting with Jibuni [ji-bu-ni 0679 1580 1441], vice president of the U.S. Britannica Encyclopedia Publishing Company's Editorial Committee; and Lim Daguang, head of the Graduate School of East Asia Studies in Canada's McGill University, in November 1979. In the speech, Comrade Deng Xiaoping expounded, for the first time, on the important concept that socialism can also operate a market economy. He pointed out: The modernization drive is a new great revolution. Revolutions aim to liberate and develop productive forces. Revolutions are meaningless when they are separated from the development of productive forces, prosperity, and strength of the country, and the improvement of living standards. The speech specifically pointed out: It is absolutely wrong to say that a market economy only exists in capitalist societies and that there is only the capitalist market economy. Socialism can also operate a market economy. However, it then becomes a socialist market economy. Learning certain good things from capitalist countries, including operating and management methods, is not the same as pursuing capitalism. Socialism merely uses this method to develop its social productive forces.

"China aims to reach a relatively well-off state within this century." This was an excerpt of his remarks at a meeting with Japanese Prime Minister Masayoshi Ohira in December 1979. The remarks mentioned for the first time the concept of a "relatively well-off" state. The remarks pointed out: We want to materialize four modernizations which are Chinese-styled. By the end of this century, China aims to produce "relatively well-off households" with a gross national product [GNP] per capita of \$1,000.

"Socialism should, first of all, develop productive forces." This was a summary of his four excerpted speeches made during April and May 1980. His four speeches were made respectively at meetings with central leading comrades, with Zambian President Kaunda, with an Algerian National Liberation Front delegation, and with Guinea's President Toure. The speeches pointed out: Revolutions involve class struggle but do not involve only class struggle. Revolutionizing productive forces is

also a revolution and is the most basic revolution when perceived from a historic viewpoint. We are exploring ways to develop more expeditiously. It is impossible not to liberate the mind; we even have to liberate our minds on the definitions of socialism. An economy that has been stagnant for a long time cannot be termed socialist. A people who have been sustaining very low living standards without any progress cannot be termed socialist. When speaking of socialism, we must, first and foremost, develop productive forces. Only then can we demonstrate the superiority of socialism. Socialist countries should develop their economies relatively expeditiously; living standards should gradually improve; and consequently their countries will become more powerful. We should make great efforts to study ways to facilitate socialist construction. We should not separate ourselves from reality, nor overstep the current phase of development, or undertake some "leftist" formats. Such practices will not succeed in socialism. Socialism is a very good term. However, if we do not perform properly, do not understand it correctly, or do not implement the correct policies, the intrinsic quality of socialism cannot be displayed. Whether or not socialist economic policies are correct depends, in the final analysis, on whether or not productive forces have been developed and on whether or not people's incomes have increased. This is the overriding criterion.

"Our principled stand on developing the Sino-U.S. relations." This was part of speeches made at meetings with Stephens, U.S. Senator and vice chairman of the Republican Party; and with Anna Chennault, vice chairman of the U.S. Presidential Exports Committee in January 1981. The speeches emphatically pointed out: Both Sino-U.S. and Sino-Japanese relations have been normalized only after we resolved the issue that Taiwan is a part of China's territory. Therefore, in the future the same issue will be the focal point that affects whether or not we can continually develop Sino-U.S. and Sino-Japanese relations, and relations between China and other countries. The speeches refuted the incorrect concepts on Sino-U.S. relations held by U.S. journals and some people, and upheld our principled stand on developing Sino-U.S. relations.

"China's foreign policies". This was part of a speech at meeting with United Nations Secretary General Perez de Cuellar in August 1982. The speech pointed out: China's foreign policies have been persistent and can be summarized in three aspects: We oppose hegemony, will safeguard world peace, and will strengthen unity and cooperation with the Third World. The Third World is the main force that truly safeguards world peace and opposes hegemony. Its conditions and common interests make it choose such a stand. China will fulfill its own obligations as a Third-World country. It is a realistic political consideration for China not to become the Third World's leader.

CPC Publishes Book on Major Policy Decisions

OW071111594 Beijing XINHUA Domestic Service in Chinese 2134 GMT 5 Nov 94

[FBIS Translated Text] Beijing, 6 Nov (XINHUA)—In concert with the in-depth study of Volumes 1, 2, 3 of the *Selected Works of Deng Xiaoping* and the guidelines of the 14th National Party Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, the Central Party Literature Publishing House recently published a book entitled *Major Policy Decisions Since the Third Plenary Session*, written by research personnel of the Central Party Literature Research Center.

Using important party literature and background materials, the book focuses on the development process of major party and state policy decisions in the political, economic, foreign affairs, military, science and technology, education, and cultural fields during the 16 years since the Third Plenary Session of the 11th CPC Central Committee. It also reflects the historical process and brilliant achievements scored by our country in reform, opening up, and modernization. It is a good political reader which will assist the vast number of party members and cadres in gaining a deeper understanding and grasp of Deng Xiaoping's theory of building socialism with Chinese characteristics.

Tian Jiyun Attends Overseas Chinese Affairs Forum

SK0611034594 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 5 Nov 94

[FBIS Translated Text] The Overseas Chinese Affairs Committee of the National People's Congress (NPC) recently held its seventh work forum in Weihai. Tian Jiyun, a member of the Political Bureau under the CPC Central Committee and vice chairman of the NPC, attended the forum and delivered an important speech.

Tian Jiyun pointed out: The work related to overseas Chinese affairs is the long-term work undertaken by the party and the country. Since its founding 12 years ago, the Overseas Chinese Affairs Committee has unceasingly maintained close ties with representatives of returned overseas Chinese; has done lots of work full of results; and has won the belief of the broad masses of overseas Chinese by earnestly implementing the duties imposed on it through the Constitution and laws, by consciously discussing and formulating regulations and rules, by actively promoting the legislation of overseas Chinese affairs, and by making efforts to develop fellowship with overseas Chinese. During the new historic period, the Overseas Chinese Affairs Committee under the NPC should grasp the entire situation in line with various tasks set by the NPC, and should better protect according to the law the interests of the broad masses of returned overseas Chinese and of the family members of overseas Chinese. It should also actively promote the building of legal systems in overseas Chinese affairs, and

should maintain close ties with the people's deputies of returned overseas Chinese so as to promote both the great cause of making China prosperous and the peaceful reunification of the motherland.

During the forum, which opened on 2 November, the participating personnel exchanged their experience gained in the work done by the Overseas Chinese Affairs Committee since the first session of the Eighth NPC, particularly their experience gained in the legislation of overseas Chinese affairs and in the supervision of enforcing the law. They also discussed tasks undertaken by the Overseas Chinese Affairs Committee in the new historic period.

Attending the forum were Yang Taifang, chairman of the Overseas Chinese Affairs Committee under the NPC; Lin Liyun, Liu Zhenhua, and Huang Changxi, vice chairmen of the NPC's Overseas Chinese Affairs Committee; other staffers of the NPC's Overseas Chinese Affairs Committee; responsible comrades from concerned central departments, the People's Congress Standing Committee, and the Overseas Chinese Affairs Committee of various provinces, municipalities, and autonomous regions; Li Zhen, chairman of the Shandong Provincial People's Congress Standing Committee; Xu Xuemeng, vice chairman of the Shandong Provincial People's Congress Standing Committee; and Wu Aiyong, vice governor of Shandong Province.

Li Lanqing Addresses Anti-Illiteracy Meeting

OW0611142094 Beijing XINHUA Domestic Service in Chinese 1144 GMT 2 Nov 94

[By reporter Yin Hongzhu (1438 7703 4376)]

[FBIS Translated Text] Beijing, 2 Nov (XINHUA)—The State Council recently approved the establishment of an interdepartmental coordinating group for wiping out illiteracy nationwide to strengthen the overall guidance and inspection of anti-illiteracy work; to arouse the entire society's attention to, support for, and participation in eradicating illiteracy; and to strive to basically achieve the goal of wiping out illiteracy among young and middle-aged people before the end of this century. The coordinating group held its first meeting in Beijing this morning.

Li Lanqing, CPC Central Committee Political Bureau member and vice premier of the State Council, submitted a written speech. He said: Wiping out illiteracy and raising the nation's cultural standard are indispensable for accomplishing socialist modernization; they are also an important guarantee for the Chinese nation to stand tall in the forest of nations. Numerous facts have testified that cultural privation is one of the root causes for material poverty. Therefore, it is of great importance to eradicate illiteracy. At present, illiteracy remains a serious problem in China, and the task to wipe it out remains arduous. We must imbue ourselves with a sense of urgency as there are only less than six years before the turn of this century.

Li Lanqing pointed out: We should bring into full play the coordinating group's role, strengthen the overall guidance and inspection of work to wipe out illiteracy, and study problems in anti-illiteracy work on a regular basis. All departments should, in the light of their duties and functions, contribute ideas and suggestions and do solid work for eradicating illiteracy, thereby promoting the work in an all-around way.

Discussing the need for governments at all levels to strengthen leadership over anti-illiteracy work, Li Lanqing emphasized: Governments at all levels should earnestly implement the spirit of the National Educational Work Conference and the requirements of the "outline for educational reform and development in China" and the "regulations for wiping out illiteracy." We should fully recognize the necessity, difficulty, and urgency of the current anti-illiteracy work; should incorporate illiteracy eradication as a major task of local economic and social development plans; and should make the adult literacy rate one of the major targets for achieving a well-off standard of living. We should regard wiping out illiteracy as one of the most important aspects of building spiritual civilization, taking a firm and effective grip of the work. Governments at all levels should also work out anti-illiteracy plans and adopt effective measures to continually promote the work. Principal leaders should personally attend to the endeavor to wipe out illiteracy. Li Lanqing said: We should replenish full-time personnel for adult education at the county and township (town) levels so as to strengthen management of adult education in rural areas. We should set up social funds and allocate resources for wiping out illiteracy through various channels in line with the requirements of the "outline" and relevant state regulations and under the leadership of governments at various levels. Governments at all levels should provide necessary subsidies for wiping out illiteracy by allocating a fixed amount of funds from special expenditures for compulsory education and from the educational surcharge in rural areas for illiteracy eradication.

Chen Muhua, vice chairperson of the National People's Congress Standing Committee, president of the All-China Women's Federation, and adviser to the coordinating group, attended and spoke at the meeting; which was chaired by Zhu Kaixuan, head of the coordinating group and minister in charge of the State Education Commission. Wang Mingda, deputy head of the coordinating group and vice minister in charge of the State Education Commission, gave a briefing on the current anti-illiteracy work. The meeting was attended by members of the coordinating group from 11 relevant departments and commissions under the party Central Committee and the State Council. They stated views on ways to do a good job in wiping out illiteracy.

At the meeting, the State Education Commission commended Jilin Province for being the first in the country to have basically wiped out illiteracy.

Peng Peiyun Stresses Population Control, Quality

*HK0711113794 Beijing RENMIN RIBAO in Chinese
29 Oct 94 p 3*

[Report by Ai Xiao (5337 4562): "At a National Family Planning Commendation Meeting, Peng Peiyun Says Family Planning Requires Prolonged, Arduous Efforts"]

[FBIS Translated Text] At a national family planning commendation meeting today, Peng Peiyun, state councillor and chairman of the State Family Planning Commission, advised leaders, cadres, and masses at all levels not to remain unrealistically optimistic about the population situation, adding that regions that have achieved prominent results in family planning and regions that find their family planning work difficult must be mentally prepared to make prolonged, arduous efforts.

Concerning the prominent achievements in China's family planning work since 1990, Peng Peiyun said: Party committees, governments, and family planning workers at all levels have conscientiously put into effect the CPC Central Committee and State Council "Decision on Strengthening Family Planning Work and Strictly Controlling Population Growth," and for four consecutive years have implemented the instructions of family planning forums held during the National People's Congress. They have earnestly strengthened leadership and grass-roots work, improved their management and service, and gained new experience and new progress in implementing the "three-main-point" policy in family planning work, in combining family planning with rural economic development, and in helping the masses to move toward moderate prosperity and build civilized happy families. In the 1990's, China's population birthrate has dropped to below 20 per thousand, and Chinese women's total birthrate has reached a replacement [geng ti 2577 2583] level. This is the result of the joint efforts of the entire party and people.

After fully confirming these achievements, Peng Peiyun talked about the problems in the new period of China's population. She pointed out: We must soberly understand that the basic figure and annual birthrate of China's population are large in terms of absolute value; that the current low birthrate is very unstable; that there remains a gap between the existing family planning policy and the peasants' birth intentions; that many localities have not thoroughly implemented the "three-main-point" policy in family planning—taking propaganda and education as the main point, taking contraception as the main point, and taking frequent persuasion as the main point; that owing to different social and economic development levels in different localities, imbalances in work are still serious in these localities; and that in this new situation of reform, opening up, and establishing the socialist market economy structure, there are many new developments and problems in population control and family planning work.

Viewing the global population situation, Peng Peiyun analyzed the importance of controlling China's population, of improving the population's quality, and of making the population composition better. She said: Following the deepening of the international community's understanding on the population issue, the previous idea of resolving the population problem by reducing or slowing down the population growth rate has been replaced by a consensus that views the population issue from a wider angle and encourages the introduction of comprehensive measures for the settlement of population problems in broader regions. Through many years of family planning practice in our country, we have more profoundly understood the importance and necessity of exercising comprehensive management over the population. The population issue involves not only the quantity, but also the quality and composition of the population. Apart from continuing to strictly control the population growth rate within a rational scope so as to bring about a change in the population's reproduction type, we also must strive to improve the population's quality and to make the population composition better along with the improvement of the industrial structure, the urban and rural structure, the age mix, and the sex mix. Unquestionably, this has set new and higher demands on our family planning work.

Peng Peiyun asked party committees and governments at all levels, as well as comrades on the family planning work front, to further emancipate their minds; broaden their train of thought; expedite family planning reform in the course of using and improving the effective basic experience gained over the last few years; and actively explore a new family planning mechanism suitable for reform, opening up, and the socialist market economy. In the new historical conditions, they must subordinate themselves to and serve economic construction; make efforts to broaden the scope of their work; improve their management and service; bring about the organic combination of production, life, and birth; and actively guide the masses in practicing low birthrates, and in becoming better off and civilized; so as to promote coordinated development between the population growth, economic development, and social progress.

Official Warns of Rise of 'Political Economy'

HK0711081394 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1041 GMT 23 Oct 94

[FBIS Translated Text] Beijing, 23 Oct (ZHONGGUO TONGXUN SHE)—Yang Yiyong, head of the State Planning Commission's Human Resources Development and Utilization Institute Distribution Office, said here a few days ago that it is necessary to guard against a certain tendency; namely, some people, instead of promoting the market economy, are promoting the political economy, and are making economics dependent on politics in real life.

Yang pointed out the principal features of the political economy as follows.

One, while we developed a market economy, these people shouted many slogans but did few substantial things. They tried to fish for political capital by adopting the pose of promoting a market economy.

Two, the political economy is in fact the shadow of the traditional planned economy. To keep abreast of the situation, many areas jumped on the "real estate," "development zone," and "futures market" bandwagon, resulting in "prostration" despite the "furor" of the appearance. These people did not analyze actual local conditions in a down-to-earth manner and act according to circumstances but persisted in seeking political advantages and ignored or even gave up economic efficiency.

Three, under a market economy, we have to act according to the law of value, but under the political economy, people follow sentiments. The market economy values actual results while the political economy values perceptions.

Four, under a market economy the majority work for their own economic interests, while under the political economy, a few people work for their own political interests to the detriment of the majority's economic interests.

Yang said that this tendency indicates that economic restructuring calls for political restructuring. Political restructuring must accord with economic restructuring; otherwise, the development of the socialist market economy will be affected. In appraising cadres, he added that organization departments must pay attention to and identify the above tendency before they can gradually eliminate the tendency.

Editorial Links 5-Year Plan, Hong Kong's Prosperity

HK0711082194 Hong Kong WEN WEI PO in Chinese 1 Nov 94 p A2

[Editorial: "Ninth Five-Year Plan Ensures Hong Kong's Prosperity"]

[FBIS Translated Text] The basic framework for China's Ninth Five-Year Plan has been laid down. The objective of the Ninth Five-Year Plan, which corresponds with the guidelines for reform and opening up, is to develop China's productive forces, better handle the relationship between reform on the one hand and development and stability on the other, increase efficiency, open wider to the outside world, and organically combine economic with social development.

Investors all over the world have focused their attention on China's drafting of its Ninth Five-Year Plan. China is a big market with a population of 1.2 billion and an economy registering the fastest growth. The Ninth Five-Year Plan is the national economic development plan, which covers the period from 1996 to 2000. By then, China will have attained its second-step strategic goal

and reached a comparatively well-off level, with per-capita gross national product of around \$1,300 (calculated according to 1980 prices). The 1.2 billion people would then have a total scale of \$1.56 trillion. Such purchasing power would indeed be impressive. Some foreign businessmen want to gain export orders, and the volume may well reach \$800 billion. Some businessmen want to share China's domestic market and plan to set up factories producing consumer goods for 1.2 billion people. As China's population is six times that of West Europe, the big volume of business is beyond comparison with any other country or city. Some other businessmen want to offer financial, accounting, legal, catering, telecommunications, and transport services and vigorously invest in service trades.

As China maintains increasingly close economic ties with the Asia-Pacific region, China's economic take-off will inevitably boost the economy of the Asia-Pacific region. For this reason, businessmen from the United States, Europe, and Japan plan to shift the focus of their investment to the Asia-Pacific region in the next decade. All countries are trying to improve ties with China because they have realized the huge potential of China's market. Recently, the industrial powers have sent commercial delegations to China one after another, offering credits to China, proposing bilateral economic and trade cooperation, and providing China with foreign exchange and experience in modern banking management. Their motive is to obtain a superior position, occupy China's market, and try to probe China's Ninth Five-Year Plan to see which parts are conducive for their investment projects. One of the marked differences between the Ninth Five-Year Plan and previous plans is that the state will no longer allocate a large proportion of funds to new capital construction projects. The state's investment has initially been set at 55 percent. In other words, the remaining 45 percent will be settled by raising funds or attracting foreign capital. Therefore, the Ninth Five-Year Plan is a plan which indicates that China will open wider to the outside world and will offer investors more opportunities to invest in China.

China will exercise sovereignty over Hong Kong and Macao when the Ninth Five-Year Plan is in progress. To ensure the success of the "one country, two systems" policy, the central government, while drafting the Ninth Five-Year Plan, will naturally take into account the planning of large projects, make the most of the advantages of Hong Kong and Macao, and ensure the economic prosperity of the two regions. Over the past decade or so, Hong Kong has maintained increasingly close economic ties with the mainland. For this reason, capital construction in southern China, which neighbors Hong Kong, cannot be carried out in their own way or by thwarting the other. With overall central planning, these large projects will promote economic cooperation and exchanges between southern China and Hong Kong; expand the scope of Hong Kong's hinterland; be conducive to the mass use of Hong Kong's airport, seaports, and communications facilities; and make the most of

Hong Kong's status as a financial and shipping center. According to information obtained, the Beijing-Hong Kong railway will be electrified during the Ninth Five-Year Plan. Moreover, the Beijing-Kowloon railway will be completed, the building of expressways and railways in east and west Guangdong will be taken into account, and two more nuclear reactors will be built at Daya Bay to meet the electricity needs of the future development of Guangdong and Hong Kong. Hainan's gas pipeline will also be extended to Hong Kong, and equipment for the fresh water supply will be further reinforced. Connections for mobile telephones, pagers, television transmission, and computer banking between Guangdong and Hong Kong will also be turned into reality. High-tech bases and scientific research bases will be set up in the cities adjacent to Hong Kong to absorb Hong Kong's market information and experience, rapidly commercialize the scientific achievements, help upgrade Hong Kong's industries, and make use of science and technology-intensive industries to enhance Hong Kong's competitiveness.

A number of steel and chemical industrial enterprises will be set up in the areas around Hong Kong, which will ensure the ample supply of raw materials needed for Hong Kong's industry. Supplies of farm and sideline produce to Hong Kong will also be a topic. As the distance between Hong Kong and Jiangsu, Anhui, Jiangxi, and Fujian will shorten thanks to the Beijing-Kowloon railway, Hong Kong will get more support from bases providing fresh and perishable goods. China's economic development and Hong Kong's further prosperity after 1997 is not empty talk; the fact is that it has the backing of the Ninth Five-Year Plan. The motherland shows concern for Hong Kong and Hong Kong has the backing of the mainland. This is an important positive factor for Hong Kong to maintain its vigorous economic development.

Legal System on Nuclear Safety Being Developed

OW0511170394 Beijing XINHUA Domestic Service in Chinese 0706 GMT 3 Nov 94

[By reporters Zhang Jimin (1728 4949 3046) and Han Zhenjun (7281 2182 6511)]

[FBIS Translated Text] Beijing, 3 Nov (XINHUA)—China's system of laws and regulations on nuclear safety has basically taken shape, and the supervision and management of nuclear safety has been gradually put on a legal footing.

This information was gathered by these reporters from a meeting marking the 10th anniversary of the founding of the National Nuclear Safety Administration [NNSA] that was held in Beijing yesterday. Speaking at the meeting, Huang Qitao, vice minister of the State Science and Technology Commission and director of the NNSA, said: Over the past 10 years, the NNSA has gradually set up a complete system of laws and regulations on nuclear safety by drawing on the experiences of the International

Atomic Energy Agency [IAEA] and countries with developed nuclear energy industries in line with China's actual conditions. It has also implemented a licensing system for all civilian nuclear installations.

He said: Since 1986, China has successively formulated three sets of regulations on nuclear safety management—the "Regulations on the Management of Safety in Civilian Nuclear Installations," the "Regulations on Controlling Nuclear Materials," and the "Regulations on Contingency Management in Nuclear Accidents in Nuclear Power Plants"—and 16 sets of nuclear safety provisions and implementation rules. It has also drawn up 60 sets of nuclear safety guidelines and a host of technical documents on nuclear safety. The "Atomic Energy Law," which is a major law on the peaceful utilization of nuclear energy, will soon be submitted to the National People's Congress for examination and approval.

It is reported that the NNSA, which has always focused on appraising and supervising the safety of nuclear power plants, has organized massive technical manpower to seriously and comprehensively appraise analytical reports on the safety of the Qinshan and Daya Bay Nuclear Power Plants, and to supervise the entire construction process on the spot. Safety deficiencies thus uncovered were resolved on an individual basis during the construction process, and the safety features of the nuclear power plants were improved as a result. Huang Qitao said: The NNSA still strictly supervises and inspects the two nuclear power plants. It has made proper plans for supervising nuclear safety when the nuclear power plants undergo refueling and their reactors are shut down for repairs.

The NNSA has also rigorously appraised the safety aspects of other civilian nuclear installations. Thus far, it has issued operating licenses for 17 reactors for civilian research across the country. In nuclear materials control, the NNSA has formulated the "Procedures for Examining and Approving Applications for Licenses" and relevant programs for examination and approval. It has also exercised safety supervision and management over the nuclear materials of all nuclear installations and institutions. With the cooperation of the State Atomic Energy Authority's office in charge of nuclear materials control and the Public Security Ministry, nuclear materials are being controlled in accordance with relevant laws and regulations. Thus far, the Qinshan and Daya Bay Nuclear Power Plants and the factories that manufacture nuclear fuel components have been granted licenses for handling nuclear materials.

The NNSA has paid attention to drawing on the advanced experiences of foreign countries, with which it has conducted cooperation and exchanges. Currently, it maintains cooperative ties with the major nuclear energy countries in the world. China has actively adopted the nuclear safety rules and criteria laid down by the IAEA. It invited an IAEA international regulatory review team

to visit China to evaluate the country's nuclear safety supervision and management, thus bringing China's nuclear safety laws and regulations into line with their foreign counterparts. Through cooperation with foreign countries, it has promoted the establishment of China's nuclear safety supervision and management system, and improved the technical levels of appraising nuclear accidents on a contingency basis. China's nuclear safety supervision and management personnel can now meet the requirements of the country's nuclear power development, and are capable of providing technical advice and services on nuclear safety to Third World countries.

China Denies Organs Taken From Executed Prisoners

HK0611060394 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1256 GMT 4 Nov 94

[FBIS Translated Text] Hong Kong, 4 Nov (ZHONGGUO TONGXUN SHE)—Recently, some mass media in Hong Kong quoted BBC and the TIMES as saying that, in the mainland, a large quantity of organs taken from the bodies of executed convicts were transplanted into patients. ZHONGGUO TONGXUN SHE inquired about this matter with the department concerned. The relevant department pointed out that all such reports and articles are completely groundless and their contents are sheer fabrication. The department expressed strong indignation at this practice of cooking up lies to deceive the public.

The relevant department said: According to the relevant Chinese laws, for the purpose of healing the wounded and rescuing the dying, only when a convict awaiting execution has signed a letter to show his willingness to contribute his organs and his family has given their assent, and only with the strict examination and approval of the administrative department in charge of public health and the judicial department, can the body or organs from the body of an executed convict be used by a medical institution or a research institute. The same requirements apply to the donation of bodies or organs by ordinary people after their death. Such instances are extremely rare. The claims that 90 percent of executed prisoners have had their organs removed by hospitals are completely groundless.

The relevant department also pointed out: Like most countries in the world, China upholds the death sentence but lays down extremely strict limitations on the use of capital punishment. China's Criminal Law stipulates that "the death sentence shall only be imposed on convicts who are guilty of the most heinous crimes." China's Criminal Procedures Law also stipulates special examination and double-check procedures for cases involving the death sentence. The allegation that organ transplantation needs have sharply increased the number of executed convicts in China is a slanderous attack on China's judicial system.

Prisoners Paroled, Bailed Out for Medical Treatment*OW0011065994 Beijing XINHUA in English 0629 GMT 6 Nov 94*

[FBIS Transcribed Text] Beijing, November 6 (XINHUA)—The Chinese judicial departments have lately released four prisoners—Wu Zhaoqiang, Wang Xinlong, Leng Wanbao and Ge Hu—on parole or on bail for medical treatment, according to sources here today.

Wu Zhaoqiang, 27, was an unemployed person at the time he was arrested. He was sentenced to a seven-year imprisonment term by the Beijing Intermediate People's Court in 1990 after he was found guilty of inciting anti-government activities in violation of the criminal law.

In February 1993, his sentence term was commuted by 10 months to end in August 21, 1995. He was allowed to be paroled by the Beijing intermediate people's court according to law because while serving his imprisonment term, he enhanced understanding of his crime and showed fine behavior in prison.

Wang Xinlong, 49, was a teacher of Shanxi University when he was arrested. He was sentenced to eight years in prison by the Intermediate People's Court of Taiyuan City, capital of Shanxi Province in 1990, on his crime of inciting anti-government activities. His imprisonment term is from June 16, 1989 to June 15, 1997.

He was allowed to be paroled by the Taiyuan Intermediate People's Court because he deepened understanding of his crime and behaved fine in prison.

Leng Wanbao, 34, was a worker in Changchun City, northeast China's Jilin Province, when he was arrested. He was sentenced to eight years behind bars by the Intermediate People's Court of Changchun City on the same crime, with the term starting from June 10, 1989 and ending in June 9, 1997.

He was allowed to be paroled by the court for his good attitude in recognizing his crime and his good behavior.

Ge Hu, 35, was a college teacher of Shanxi Province when he was arrested. He was sentenced to seven years in prison in 1990 by the Taiyuan Intermediate People's Court on the same crime, with the term beginning from June 12, 1989 and ending on June 11, 1996.

While in prison, he showed up fine in obeying prison management and regulations and in view of the fact that he was ill, he was allowed to be bailed out for medical treatment by the Taiyuan court.

Four Prisoners in Tibet Released*OW0611081394 Beijing XINHUA in English 0717 GMT 6 Nov 94*

[FBIS Transcribed Text] Beijing, November 6 (XINHUA)—Four criminals in Tibet have been released on

parole or as a result of commuted sentence by the Chinese judicial departments, it is learned here today.

Yulo Dagwacering, 65, of the Tibetan ethnic group, was a teacher of Tibet University when he was arrested. He was sentenced to 10-year imprisonment by the Intermediate People's Court of Lhasa City in 1989, with the term starting from December 16, 1987 to December 15, 1997 as he was found guilty of inciting anti-government activities and trying to split the country in violation of the criminal law.

He was allowed to be paroled by the court for his attitude in admitting his guilt and his fine behavior in prison.

Tubdain Namzhub, 67, Tibetan, was a lama of the Jokhang Monastery when he was arrested. He was sentenced to a nine-year imprisonment term in May 1989 by the Lhasa Intermediate People's Court, with the term starting from December 15, 1987 and ending on December 14, 1996 on the crime of trying to split the nation.

He was allowed to be paroled by the court for his fine show of obeying prison management and regulations while serving his sentence.

Chung Bdag, 38, female, Tibetan, a citizen of Lhasa, was sentenced to seven-year imprisonment in June 1989 by the Lhasa Intermediate People's Court on the crime of trying to split the country. The sentence was commuted by six months to end on September 4, 1995 for her good behavior in prison.

The court released her after commuting the rest of the sentence for her continued fine behavior in prison.

Cewang, also named Cewang Baidain, 62, was a farmer of Lhasa before he was arrested. He was sentenced to five-year imprisonment in January 1993 by the Lhasa Intermediate Court for the same crime, with the term starting on December 6, 1991 and terminating on December 5, 1996.

He was paroled by the court also for his good attitude in recognizing his guilt and obedience of prison management and rules.

Taiwan-Funded Factory in Guangdong Robbed*HK0711081294 Hong Kong TUNG FANG JIH PAO in Chinese 4 Nov 94 p 10*

["Special dispatch" from Taipei: "Taiwan-Funded Plant in Dongguan City Is Looted by Armed Ruffians Dressed in PLA Uniform"]

[FBIS Translated Text] A Taiwan-funded factory in Guangdong's Dongguan was looted and damaged yesterday by armed ruffians dressed in People's Liberation Army (PLA) uniforms. The case drew great attention to the Dongguan Public Security Bureau, which promised to handle the incident as a major criminal case. The SEF [Straits Exchange Foundation] wrote to the Association

for Relations Across the Taiwan Strait yesterday asking the latter to offer assistance in handling the case.

An official from the SEF said that in those cases where Taiwan-funded factories have been raided, very few have involved the mainland military, and this case indicates the seriousness of the public order situation on the mainland. Viewed from information provided by Taiwan businessmen, he said that it is quite possible that local public security and military personnel were involved in cases, which merits attention.

A source said that at 0200 early yesterday morning, a dozen ruffians dressed in PLA uniforms and armed with weapons drove to the "Anguan Chemical Industrial Products Limited," run by Taiwan businessman Lai Kuo-wei in Dongguan's Zhangmutou. When they had pacified the four security personnel, they tied up scores of staff members and workers who were staying at the factory, took away their jewelry and money, and damaged the factory, causing losses of around 300,000 Hong Kong dollars. After the incident, Lai Kuo-wei immediately reported the case to Dongguan Public Security Bureau. The bureau promised to handle it as a very big criminal case. Later, Lai Kuo-wei also informed the SEF about the matter, expecting the SEF to perform its intermediary function, settle the case at an early date, and urge the mainland to improve public order.

Police Reportedly Occupy Beijing Church

HK0711060094 Hong Kong EASTERN EXPRESS in English 7 Nov 94 p 1

[By Bruce Gilley]

[FBIS Transcribed Text] Beijing police yesterday occupied the capital's largest Christian church while local religious authorities citing Hong Kong press reports—announced church leaders were under investigation for illegal "political activities".

The long-feared takeover of Gangwashi, an officially-registered but stubbornly independent church, was mounted despite the imminent arrival in Beijing of Hong Kong's Catholic Cardinal, John Baptist Wu. Wu will begin a week-long tour of China on Thursday accompanied by six church members from the territory.

Witnesses said more than a dozen police vehicles arrived at Gangwashi in the early morning yesterday. They disgorged swarms of plainclothes officers who marched in and took over the church office, they said. "When we arrived for the 7:30 AM service, we could not get into the office," the head of the church committee, Li Dequan, said. Carloads of "worshippers" from other churches were also trucked in for the two morning services to heckle church leaders, he said.

A public notice from Beijing religious authorities—which included copies of recent Hong Kong press reports describing attempts to oust Gangwashi church leaders was posted on the church notice board late on Saturday.

"Oppose the use of this church for the launch of political activities!" read the title on the notice, stamped by the Beijing office of China's Protestant church governing body, the Three-Self Patriotic Movement (TSM), and dated November 4.

"Dear brothers and sisters of the Gangwashi church, we are here to help you," it began. "Do you know what your church committee is up to? Please look at the reports below."

Clippings from two Chinese-language newspapers in Hong Kong—the Oriental Daily News (a sister publication of Eastern Express) and the Hong Kong Economic Journal—were attached below.

The notice, which remained in place last night, singled out Li, who was detained briefly in September after trying to stop Beijing religious officials from taking over a house attached to Gangwashi.

"Li Dequan, who led church leaders to demolish church houses, is now carrying out political activities," the notice said.

The Beijing TSM have been trying since last year to sack the incumbent pastor at Gangwashi, Yang Yudong, whom they believe has turned the church into a haven for liberals and dissidents.

Yang, 73, has steadfastly refused to budge from his position.

Following yesterday morning's events, a shaken Li immediately telephoned Yu Xinli, a senior Beijing religious affairs figure and former head of the local branch of the TSM, to express outrage.

"I told him that if he did not remove the notice and admit there was no evidence for my carrying out 'political activities' that I would sue his department on Monday," Li said.

"Yu agreed that I was not responsible for reports abroad, and said he would consider."

About 1,200 worshippers attended the two morning services at Gangwashi yesterday, according to Li, many of whom expressed their support for him after reading the public notice.

Christians Fear Pastor's Removal

HK0511061894 Hong Kong SOUTH CHINA MORNING POST in English 5 Nov 94 p 7

[By Daniel Kwan]

[FBIS Transcribed Text] Tensions are building up at Beijing's Gangwashi Protestant Church where Christians fear police may tomorrow remove a senior pastor elected by the congregation. Yu Xinli, who was formerly head of the Beijing Three-Self Patriotic Movement (BTSPM) which is responsible for governing churches, yesterday declined to pledge not to use force to resolve the conflict.

The conflict arose because the authorities wanted to sack senior pastor Yang Yudong and replace him with Mr Yu. When contacted yesterday, Mr Yu agreed church problems should be solved according to "church rules." He claimed that Pastor Yang, who is in his mid-70's, was to be sacked because he was too old.

He confirmed that policemen had been involved in a fight at the church last Sunday but denied bringing in the police himself. Instead, he accused his opposition of trying to stir up trouble at the church. "Yes, there was a fight on Sunday. It was because some bad elements came to our church to take pictures and start trouble. It was not true that we beat them up, it was our people who got beaten up by these bad elements," he said.

According to church members, the church committee rejected the appointment of Mr Yu and voted last Sunday afternoon that Pastor Yang should remain the senior pastor of the church, the fastest-growing Christian church in Beijing with a congregation of 3,000. The church committee held Mr Yu was not acceptable because he lacked formal theological training. Mr Yu reportedly told church members he wanted to sell the church building and turn it into a commercial plaza.

The BTSPM and the Beijing Religious Affairs Office (BRAO) then put up three public announcements to formally announce the sacking of Pastor Yang and declare the official seals used by the church committee were no longer valid. The BTSPM and BRAO are the two governing bodies in Beijing for Protestant churches. The church committee immediately sent an emergency letter to the headquarters of the Three-Self Patriotic Movement in Nanjing requesting assistance but received no reply.

Li Dequan, head of the church committee, said he was deeply worried that there would be ugly scenes this Sunday. "If blood has to be shed let it be our blood," he said.

Mr Li said he was disappointed Nanjing had turned a deaf ear to their pleas and the Beijing Municipal Communist Party had refused to hear their case. "We have hired a lawyer to help us. According to him, our action is within the law and it is not right for the BTSPM and the BRAO to act as they have. But the Municipal Communist Party won't even see us," Mr Li said. "We now pray that God will protect his church and we are prepared to sacrifice for Him," he added.

Report Views Progress in Social Insurance Reform
OW0711114994 Beijing XINHUA Domestic Service in Chinese 2113 GMT 5 Nov 94

[By reporter Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] China has scored initial results in the reform of the social insurance system for organizations and institutions—a major support measure for the reform of China's personnel system. It has been learned

that some 32 million people have become involved in the reform of the social insurance system for organizations and institutions. In areas where the reform has been carried out, insurance funds worth some 1.1 billion yuan have been raised. Through reform, a mechanism is taking shape under which the state, units, and individuals are responsible for fund raising.

According to the Social Insurance Department under the Ministry of Personnel, many localities have incorporated the establishment of a multitier social insurance system into their overall plan for local economic and social development since the Third Plenary Session of the 14th CPC Central Committee proposed setting up such a social insurance system. In the name of government, some 130 prefectures, cities, and counties in eight provinces and municipalities, including Fujian, Shandong, Liaoning, and Shanxi, have issued documents and launched local comprehensive reform measures. Some 20 provinces and 500 prefectures, cities, and counties have experimented with pension system reform in various forms. Six provinces and municipalities, including Shanghai, Liaoning, and Shaanxi, have conducted studies of unemployment insurance and insurance for the injured and disabled.

It has been learned that the reform of social insurance system has effectively supported reform of the personnel system. Since the Shanghai Municipal Personnel Bureau provided unemployment insurance, 630,000 workers have joined the insurance plan and 12,000 people have received unemployment certificates. To overhaul the contingent of cadres in such departments as public security, justice, industry and commerce, and taxation, Shenyang City has dismissed some 100 workers in less than two years. Thanks to the "shock absorber" role played by the insurance mechanism, this task has progressed smoothly.

To promote overall implementation of the reform of the social insurance system for organizations and institutions, the Ministry of Personnel recently held a meeting to make arrangements for the task. State Councillor Li Guixian hoped that governments at all levels will incorporate this task into their overall planning for local economic and social development, take the overall situation into consideration, and make rational arrangements. Minister of Personnel Song Defu urged personnel departments at various levels to intensify reform, earnestly carry out experimentation, implement reform step by step, and work out different methods for implementation so as to set up and improve the social insurance mechanisms for organizations and institutions.

Government To Overhaul Civil Service Pensions
HK0711061994 Beijing CHINA DAILY in English 7 Nov 94 p 1

[By Cao Min: "State Plans To Overhaul Civil Service Pensions"]

[FBIS Transcribed Text] A more market-oriented social insurance scheme is being planned for millions of government workers in China.

About 20 provinces and 500 cities have been involved in the pension experiment since 1991, an official from the central government's Personnel Ministry told a press conference over the weekend.

Six provinces and municipalities including Liaoning, Shaanxi, Jiangsu and Shanghai, have tried out different forms of unemployment and accident insurance, according to Zhang Zhihong, director of the Social Insurance Department under the Ministry of Personnel.

Zhang revealed that about 15 percent of the country's government offices, including 35 million government employees, had been involved in the reform of the pension system.

In areas where the new social insurance system has been tried out, some 1.1 billion yuan (\$129 million) in social insurance funds have been raised, Zhang said.

On the basis of the tests, a new civil service pension scheme will be introduced across the country in three years' time, according to Song Defu, Minister of Personnel.

Addressing a recent national working conference on government social insurance in Zhenjiang City, East China's Jiangsu Province, Song described the reform as "the building of a fundamental system for the nation."

"The pension reform has an important bearing on the development of the national economy, the establishment of a market system and the long-term stability of our country," Song said.

Under the existing scheme, the government is responsible for supporting all government retired employees from its tight budgetary resources.

With the introduction of a new system, the size of the pension will depend upon the social insurance funds pooled collectively by both the State and the employees themselves.

As the size of the retired population increases, the existing system of total responsibility on the government is a huge drain on the developing market economy, Song said.

Statistics shows that last year's gross State pension expenditure reached 74 billion yuan (\$8.7 billion). Some 22.2 billion yuan (\$2.61 billion) of this was paid to pensioners from governmental organizations, 13 times more than in 1982.

The minister said that the current pension system reform will instigate the creativity and enthusiasm of government workers. It may raise the efficiency of the government.

Without a good social insurance system, it is impossible to develop a market economy and make a rational use of human resources, Song said.

Ministry Official Views Cultural Development

OW0611053994 Beijing XINHUA in English 0229
GMT 6 Nov 94

[FBIS Transcribed Text] Jinan, November 6 (XINHUA)—Cinemas and theaters used to be the only recreational centers in China, but today a variety of cultural facilities have outshadowed them thanks to the joint efforts from all sectors of society.

Nationwide, Chinese residents now have many more places to enjoy themselves, places that include exhibitions of cultural relics, calligraphic works and paintings, fashion shows, popular music halls, karaoke rooms, video games, music TV, laser-style films, in addition to cinemas and theaters.

According to the Ministry of Culture, China now has some 200,000 cultural centers, more than 2,800 performing troupes, over 3,000 art galleries and auction houses, as well as 60,000 audio-video businesses.

Art-training schools of various kinds have mushroomed in China in recent years. On top of all this, China has conducted very active cultural exchanges with other countries to promote its own cultural development.

"All this indicates that a well-framed cultural network covering virtually all important cultural activities has been established in China," a senior ministry official said.

He said that China's reform and opening drive since the late 1970's has put an end to the state monopoly of the cultural market and created conditions for the growth of a more colorful cultural industry involving all social forces.

Today, private businesses, self-employed and foreign business people are all operating in the cultural market along with state-owned and collective-owned bodies.

Statistics show that the bulk of the country's 200,000 cultural centers are set up by the private sector and foreign investors.

In Shishi City of east China's Fujian Province, there are 120 karaoke bars, 12 cinemas, 32 video projection houses, 48 videotape marketing bases, 30 book and magazine marketing posts and 98 video-game player houses. According to a local official, more than 90 percent of them are nongovernmental.

In Hangzhou, capital of east China's Zhejiang Province, at least three government-run art troupes have shifted from being totally financed by the local government to being financially self-supporting.

An official with the Ministry of Culture revealed that nationwide some 700-800 originally state-run performing troupes have forged links with enterprises or become self-supporting undertakings in the past few years.

The nongovernmental social forces have helped reduce the government's financial burden and expand China's cultural industry, experts said.

A local official of Suzhou City, east China's Jiangsu Province, said more than 500 million yuan (57.4 million U.S. dollars) has been funneled into the building of cultural facilities in the past six years in the city from the society.

In Shanghai, China's largest metropolis, some 1.1 billion yuan (126.4 million U.S. dollars) was pumped into the construction of cultural facilities last year alone, against a mere 11.25 million yuan (1.29 million U.S. dollars) in the nine years prior to 1985. The figure for this year is estimated at 1.4 billion yuan (160.9 million U.S. dollars).

A city official said that the city has planned to finish by the year 1997 the renovation and construction of seven major cultural projects—the Shanghai Grand Theater, Oriental Music Hall, Shanghai Book Town, Shanghai Fine Arts Museum, Shanghai Museum, Shanghai Library and an 80,000-people stadium.

The major part of the needed investment will come from a multiple channels other than the government, the official said.

Beijing Considers Tax Rise To Curb Smoking

HK0711061794 Beijing CHINA DAILY in English 7 Nov 94 p 3

[By Zhu Baoxia: "Tax Rise May be Imposed to Curb Smoking"]

[FBIS Transcribed Text] The State is considering increasing taxes on cigarettes to fund anti-smoking campaigns and education, Minister of Public Health Chen Minzhang has revealed.

Chen was outlining China's efforts to combat smoking on Saturday when announcing that Beijing would host the 10th World Conference on Tobacco or Health.

The theme of the global congress, to be held in August 1997, will be "tobacco, the growing epidemic."

The decision to hold the conference in China was made by the 9th World Conference on Tobacco or Health in Paris last month. Four countries—China, Turkey, Finland and Portugal—bid to host the 10th session.

"The conference will provide the country a good opportunity to exchange experiences with other countries on smoking control," said National People's Congress Standing Committee Vice-Chairman Wu Jieping.

Chen said the country has already taken steps to curb cigarette smoking.

The National Smoking and Health Association, set up in 1990, now has branches in more than 27 provinces and municipalities.

Smoking controls have been included in many State bills such as the State Advertisement Law and the Law for the Protection of Minors.

Various activities are carried out each year on World No-Tobacco Day to encourage people give up smoking.

Chen said publicity will be further extended to warn people about the dangers of smoking. Focus will be on young people, teachers and medical workers.

Starting this year, the State will also award presidents of institutes of learning who make outstanding contributions by creating no-smoking schools.

Next year, the Ministry of Public Health National Patriotic Health Campaign Commission and State Statistics Bureau will jointly launch a national survey on tobacco smoking. Investigations will be held every three years.

If cigarette taxes are increased, money raised will also go towards consultancy services on cigarette-related disease, he said.

Chen said people from all walks of life should contribute to make the conference a great success in China, which leads the world in tobacco production and consumption.

There are currently more than 300 million smokers in the country, accounting for 34.9 per cent of the total Chinese population above age 15, and one-fourth of the world's total tobacco smokers, health department statistics show.

Most smokers take up the habit before the age of 20, 61 percent of male above 15 year of age and 70 percent of males above 25 years old smoke cigarettes.

The number of smokers is rising at an annual rate of 2 percent.

More and more woman are also taking up smoking.

Medical specialists believe smoking is closely related to the three top causes of death by illness—cancer, cardiac and cerebral vascular diseases and respiratory system ailments.

Survey: Many Educated Chinese Prefer Not To Marry

OW0611154494 Beijing XINHUA in English 1519 GMT 6 Nov 94

[FBIS Transcribed Text] Beijing, November 6 (XINHUA)—Many of better educated Chinese want to be single, according to a survey conducted by a non-government investigation organization.

The Beijing-based Horizon Market Survey and Analysis Company surveyed 1,255 unmarried readers, aged between 18 and 40, of China Youth, one of China's most popular monthly magazines.

More than a quarter of the respondents, all with more than six years of schooling, say they wish to be single. Some 32.5 percent of them said they don't have such an idea. Another 32 percent say that they "have not thought about it" and 7.6 percent say they "are don't have a definite answer for the time being."

Only 11 percent of the respondents with a primary schooling background want to be single.

Most of the surveyed are students, employees of state-owned or collectively owned enterprises. There are also soliders, officers, educators, officials and technicians.

Almost 41 percent of those working in overseas-funded businesses say that they want to remain single.

Next come teachers, 39.22 percent, professionals such as lawyers, journalists and artists, 39.13 percent, and employees of state and collective-owned enterprises, 37.59 percent.

According to the survey, only 16.66 percent of the soldiers say they are willing to be single.

And 58 percent of the government officials surveyed are opposed to the idea of being single, followed by scientific and technical personnel, 37.47 percent.

In all, 26.85 percent of the respondents gave a positive answer to the the question "whether he or she prefers to remain single". More women want to be single than men.

In another analysis, some 41.72 percent of the respondents with nine years in school say they have never given a thought to the issue. The figure for those with 12 years in schools is 36.66 percent.

The survey did not cover rural readers.

Military

Circular Urges PLA To Study Deng's Works

OW0611121194 Beijing XINHUA Domestic Service in Chinese 1421 GMT 4 Nov 94

[FBIS Translated Text] Beijing, Nov 4 (XINHUA)—The General Political Department of the Chinese People's Liberation Army [PLA] issued a circular today, urging all military units to organize the officers and soldiers to earnestly study the second edition of Volumes 1 and 2 of the *Selected Works of Deng Xiaoping*.

The circular says: The supplemented and revised second edition of Volumes 1 and 2 of the *Selected Works of Deng Xiaoping*, together with Volume 3, published last year, are a vivid record and a theoretical summary of the

rich experience of Comrade Deng Xiaoping in integrating Marxist universal truth with the concrete practice of China's revolution and construction and exploring the road for Chinese revolution and construction in the past half a century. They reflect, in a nutshell, Comrade Deng Xiaoping's inheritance and development of Marxism-Leninism-Mao Zedong Thought. In the new situation of deepening reform, opening wider to the outside world, and accelerating the building of a socialist market economic structure, earnestly studying the second edition of Volumes 1 and 2 of the *Selected Works of Deng Xiaoping* in the wake of the study of the third volume is of extremely great significance to more systematically understanding and grasping Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, further achieving unity in our thinking, enhancing our consciousness and firmness in upholding the party's basic line unswervingly for 100 years, and pushing forward our Army's revolutionization, modernization, and regularization. Party committees and political organizations at all levels should act with a higher sense of political responsibility in organizing the troops to successfully study the new edition, deepen the entire Army's study of the theory of building socialism with Chinese characteristics, and further implement the strategic task of arming the entire Army with this scientific theory. All units shall promptly organize the vast number of cadres to read them through and then start intensive perusal and study on selected topics. Leading cadres at or above the regimental level shall mainly take part in the study organized by the core group of the party committee and in individual study. They may also organize short-term rotational training if there is such a need. Grass-roots cadres and specialized technical cadres may study them on selected study days in combination with self-study. Soldiers shall mainly study relevant chapters and topics in connection with political education. The General Political Department will entrust the National Defense University to assemble and train a portion of the Army's propaganda and theoretical cadres before year end to bring up backbone elements for the troops to study the works.

The circular says: We must study the second edition of Volumes 1 and 2 of the *Selected Works of Deng Xiaoping* in combination with the study of Volume 3 of the selected works. Under the guidance of the spirit of the series of important talks by Comrade Jiang Zemin on studying the theory of building socialism with Chinese characteristics, we must continue to implement the "CPC Central Committee Decision on Studying Volume 3 of the *Selected Works of Deng Xiaoping*" and grasp the three volumes as a whole. We must systematically read the original works, focusing on the basic issues of what is socialism and how to build socialism. We must profoundly understand the origin, formation, and development of the theory of building socialism with Chinese characteristics and comprehensively and accurately understand and grasp the theory's scientific system, basic elements and viewpoints, and spiritual essence. At the

same time, we must integrate the study of the selected works with the study of the "Decision" of the Fourth Plenary Session of the 14th CPC Central Committee. We must comprehensively study and grasp the selected works and, on this basis, focus on what is important in light of the current situation and tasks. We must particularly study well party building theory, socialist market economic theory, and ideas on army building in the new period.

The circular says: In studying the works, we must implement the principle of integrating theory with practice. We must closely integrate study with practice in the country's modernization, reform, and opening up; deepen our understanding of the various major party and government policy decisions on deepening reform and opening wider to the outside world; more successfully uphold the party's basic line; and consciously maintain a high degree of ideological and political unity with the party Central Committee. We must keep in close touch with the reality of troop building, study and resolve prominent issues and weak links in troop building, and vigorously carry out work in various fields. We must keep in close touch with the reality of party building; earnestly implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee; strengthen ideological, organizational, and work-style building of party organizations at all levels; and bring into full play the party committee's core leading role, party branch's combat fortress role, and Communist Party member's exemplary vanguard role.

The circular asks all Army comrades to further improve their ideological, theoretical, and political standards through in-depth study of the three volumes of the *Selected Works of Deng Xiaoping*, pluck up their spirits, and work hard under the leadership of the CPC Central Committee and Central Military Commission—with Comrade Jiang Zemin as the core—to make new contributions to building a modern, regular revolutionary Army.

Military Leaders Support Circular

OW0411154494 Beijing XINHUA in English 1518 GMT 4 Nov 94

[FBIS Transcribed Text] Beijing, November 4 (XINHUA)—Top Chinese military leaders stressed today that to study Deng's works is a major political task of the whole Army.

Liu Huaqing and Zhang Zhen, vice-chairmen of the Central Military Commission, told the cadets, who are taking a training course in the Beijing-based University of National Defense.

Liu said that the new edition of Deng's first Two Volumes of Selected Works [Volumes 1 and 2 of the *Selected Works of Deng Xiaoping*], together with the Third Volume published last year, constitute a complete scientific system of Deng's major ideas.

He urged the military leaders at all levels to take the lead in studying Deng's books and to arm all the officers and soldiers with Deng's theory of building socialism with Chinese characteristics.

Zhang also called for redoubled efforts to learn from Deng in solving practical problems with Marxist viewpoints and methods in a bid to strengthen the building of a modernized army.

Jiang Zemin, Military Leaders Watch Air Force Show

OW061111694 Beijing XINHUA Domestic Service in Chinese 1520 GMT 5 Nov 94

[By reporters Sun Maoqing (1327 5399 1987) and Luo Yuwen (5012 3768 2429)]

[FBIS Translated Text] Beijing, 5 Nov (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee, state president, and chairman of the Central Military Commission, this evening attended an evening party hosted by Air Force organs in commemoration of the 45th anniversary of the founding of the People's Air Force, where he watched the show "The Great Wall Under the Blue Sky" staged by the song and dance ensemble of the Air Force's Political Department.

Liu Huaqing, member of the CPC Central Committee Political Bureau's Standing Committee and vice chairman of the Central Military Commission; Zhang Zhen, vice chairman of the Central Military Commission; and Chi Haotian, Zhang Wannian, Yu Yongbo, and Fu Quanyou, members of the Central Military Commission, attended the party.

The People's Air Force was founded on 11 November 1949. Proletarian revolutionaries of the older generation, such as Mao Zedong and Deng Xiaoping, entertained high hopes regarding the construction and development of the People's Air Force. The party's third-generation leading collective with Jiang Zemin at the core shows great concern for the Air Force's modernization drive. Its members inspected Air Force units on several occasions, and issued many important directives. On 21 November 1992, Jiang Zemin wrote the following inscription for Air Force units: "Build A Strong and Modern People's Air Force To Defend the Country's Airspace." Bearing in mind the great trust of the party and people, Air Force officers and men have achieved new success in moving courageously toward the goal of modernization.

The show "The Great Wall Under the Blue Sky" was scripted and staged by the song and dance ensemble of the Air Force's Political Department to commemorate the 45th anniversary of the founding of the People's Air Force. It artistically recounts the People's Air Force's glorious process of maturation and expansion under the loving care of the party and people; vividly depicts the mental outlook of Air Force officers and men in showing loyalty to the party, people, and the socialist motherland;

gives expression to the lofty sentiments of the airborne cream of the generation in aiming for, loving, and dedicating itself to the blue sky; and vividly captures the People's Air Force's heroic spirit of forging ahead incessantly under the leadership of the CPC Central Committee with Jiang Zemin at the core and the Central Military Commission. The show was brilliantly performed, with many climactic scenes, and was frequently interrupted by thunderous applause from the spectators.

After the show, Jiang Zemin and the other leading comrades from the Central Military Commission walked on stage to cordially shake hands with the entertainers, congratulated them on the show's success, and had a photo session with them.

Maneuver Shows Army's Enhanced Combat Capability

OW0611120594 Beijing XINHUA Domestic Service in Chinese 0438 GMT 3 Nov 94

[By correspondent Zhang Yuekui (1728 2588 1145) and reporter Zhao Su (6392 5685)]

[FBIS Translated Text] Beijing, 3 Nov (XINHUA)—A coordinated and mechanized land and air military maneuver was conducted in north China in this late autumn season.

At the maneuver site, we witnessed a spectacular sight of coordinated warfare conducted under modern conditions. The "red army's" early warning system immediately issued a combat alarm when the "blue army," relying on its superior air power, launched a surprise attack on the "red army's" command system, troop concentration points, airports, bridges, and other major targets. "Red army" fighter squadrons rapidly took off into the sky to intercept the "blue army's" fighters, provide cover to the commanding organs and ground forces evacuation and taking shelter, helping reduce losses to the greatest extent and winning time to launch a counteroffensive. With the progress of the "combat," the "blue army" parachuted in troops and made long-range bombardments and ground intrusions to occupy the "red army's" strategic points. Meanwhile, the "red army's" commanders seized a favorable opportunity to order troops to timely switch from defense to offense. The "red army's" fighters were seen darting straight into the blue sky and engaging in dogfights with the "blue army's" planes for control of the air; squadrons of fighters, bombers, and helicopters then took turns bombing and strafing the "blue army's" troops, who were trying to consolidate their positions. Under heavy artillery fire, the "red army" tanks and motorized infantry units cut off and destroyed the retreating "blue army." Meanwhile, "red army" paratroopers parachuted to the rear of the "blue army" to cut off its escape; the "blue army" was immediately subject to the "red army's" attacks from all directions.

The same kind of tense atmosphere reigned at the heavily camouflaged command center, where a big projection screen clearly indicated the constantly shifting

phases of combat between the "red" and "blue" armies, banks of computers swiftly processed combat-related information, and rows of modern communications equipment promptly relayed combat requirements and information on the "enemy" to various units. The commanders who directed the combined arms maneuver were all new generation army officers. Their average age is 50. More than 95 percent are college-educated and they have received systematic training in military theory and acquired rich training experiences. Military experts say that the maneuver fully shows that Chinese army commanders can handle a modern war; that the army's rapid deployment capability, the combined services' coordinated combat capability, and the army's logistic support capability have all been greatly raised; and that the army's ability to provide security and guarantee reform and opening up has become more powerful and effective.

Correction to PLA Reforms Logistic Training

OW0211130894

The following correction pertains to the item headlined "PLA Reforming Logistics Training", published in the 3 November 1994 China DAILY REPORT, page 33:

Second column, last paragraph, sentence three make read: ...science and technology, with attendance by training officers and soldiers reaching more than 50,000. Various large units...(rewording for clarity)

Economic & Agricultural

National Conference on Managing State Assets Held

Zhu Zhigang Speaks

OW0611131594 Beijing XINHUA Domestic Service in Chinese 0520 GMT 4 Nov 94

[By RENMIN RIBAO reporter Li Jianxing (2621 1696 5281) and XINHUA reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 4 Nov (XINHUA)—Speaking at a national conference on administration of state property and appraisal of fixed assets and circulating funds, Zhu Zhigang, deputy director of the National Administration of State Property and deputy director of the Ministry of Finance Office in Charge of Appraising Fixed Assets and Circulating Funds, said: A nationwide appraisal of fixed assets and circulating funds will be launched on 31 March 1995 and all appraisal tasks shall be completed before the end of the year.

According to a briefing, the appraisal to be launched next year covers all state-owned enterprises and public institutions managed as enterprises within the border; financial credits and funds managed by all types of financial enterprises and government departments at all levels;

and enterprises and institutions outside the border set up and invested by various central departments and localities. The military and the armed police shall organize the appraisal themselves in line with the state's general requirements.

Speaking of the policy for next year's appraisal work, Zhu Zhigang pointed out: First, in appraising enterprises' fixed assets and circulating funds, it is necessary to further implement the "General Rules of Finance for Enterprises," the "Standard Rules of Accounting for Enterprises," and financial and accounting systems applicable to various trades; and to continue implementing policy provisions related to changing the financial and accounting systems by enterprises. Second, it is necessary to comprehensively implement the "Policy on appraising fixed assets and circulating funds" issued by the State Council General Office. Third, various supplementary stipulations issued by various departments concerned. In addition, various departments concerned will cooperate closely with each other to study and formulate pertinent supplementary policy provisions.

Zhu Zhigang demanded: In handling problems discovered in enterprises, all departments and localities will deal with each case on its merits while simultaneously promoting the change of operating mechanisms and the establishment of new systems. In other words, in the case of large and medium-sized backbone enterprises which manage their assets efficiently and have a bright growth prospect, we should actively help them unload their historical burdens and further enhance their capacity for sustained growth. In the case of large and medium-sized enterprises which truly have difficulties and need support, we must assist them as much as possible in resolving their problems and overcoming their difficulties to enable them to compete in the market on a level plain. Regarding a few enterprises which have lost the ability to repay their debts and have no prospects of growth, we should ask them to liquidate their assets through merger, takeover, or bankruptcy.

On the question of handling asset losses and bad debts discovered in enterprises, Zhu Zhigang said: Asset losses and bad debts that ought to be absorbed by enterprises themselves should be broken down and included in the enterprise's annual statement of profit and loss in line with the provisions of the current financial and accounting system. Potential bad debts and asset losses caused by objective factors should, in principle, also be handled in line with the provisions of the state's current financial and accounting system. Where the amount is too big to be taken in the enterprise's statement of profit and loss, the potential bad debts and asset losses, after being examined and approved, may be gradually deducted from its surplus accumulation funds, asset accumulation funds, and realized capital. Asset losses and bad debts that enterprises fail to duly reflect and report in accordance with the regulations in the course of the nationwide appraisal will not be recognized by

offices in charge of asset and funds appraisal; they will be handled by enterprises themselves in future operations in accordance with the provisions of the current financial and accounting system. Enterprises discovered to have owed Key Energy and Transportation Construction Funds and Budget Regulatory Funds in previous years may receive exemptions or an appropriate deduction amount with the approval of the State General Administration of Taxation and the Ministry of Finance if they truly have difficulty paying them. The policy formulated by the state to return a portion of the income tax paid by enterprises to increase the state's share in the enterprises' capitalization applies to enterprises undertaking assets and funds appraisal in cities chosen as pilot cities for the "Optimizing-Capital-Mix" reform.

Zhu Zhigang stressed: We must further strengthen organizational leadership over the work of appraising fixed assets and circulating funds, uphold the solemn attitude and serious approach of seeking truth from facts, and earnestly implement the various policies governing the appraisal. We must act with a clear objective in mind to supplement and perfect pertinent regulations and establish standard management systems in light of the asset management and financial and accounting problems exposed in the nationwide appraisal to prevent their recurrence. We must make full use of the results of the appraisal to push forward and deepen the work of managing state assets.

Zhu Rongji Addresses Conference

OW0611142794 Beijing XINHUA in English 1402
GMT 6 Nov 94

[FBIS Transcribed Text] Beijing, November 6 (XINHUA)—Chinese Vice-Premier Zhu Rongji said here today that the first and foremost task for the management of state assets is to firmly safeguard the rights and interests of the state or owner and curb drainage of state assets.

Zhu made the remark at a five-day national conference on the management and checkup of state assets, which closed today.

He said that China is practising a market economy under socialism, which means in economic operations, laws of the market economy must be strictly observed while adhering to public ownership in view of the economic basis.

The vice-premier said that state assets are the material foundation for the existence and development of socialism in China and are "the lifeblood of the state."

Therefore, he said, state-owned enterprises must do a good job of putting state assets under sound management and guard against any loss of state assets.

Referring to tasks of reform for the next year, Zhu said that strengthened management of state assets would not only be an important part of enterprise reforms, but also

a guarantee for the success of building modern enterprises system across the country.

The chief role and first task of the management of state assets in the establishment of a modern enterprises system is to curb drainage of state-owned assets, said the vice-premier.

He called for the establishment of a complete set of basic management rules and systems on state assets, such as the clearing of assets, checking of capital, registration of property rights and defining of property rights.

In the meantime, legislation concerning state assets and related judicial work should be strengthened, and departments responsible for the management of state assets at various levels must play their real function.

The vice-premier stressed that evaluation of assets is an important basic work for the management of state assets and serves as an effective way to prevent any loss of state assets.

Unified management should also be strengthened in the evaluation of assets in line with relevant rules of the State Council, he said.

The management organizations of state assets at central and provincial levels should be strengthened, said the vice-premier, adding that people working at these organizations should be honest and highly professional.

Zhu Rongji Urges Creating Modern Enterprise System

OW0411154194 Beijing XINHUA in English 1438
GMT 4 Nov 94

[FBIS Transcribed Text] Beijing, November 4 (XINHUA)—Vice-Premier Zhu Rongji urged today that top priority should be given to the major projects in building China's modern enterprise system.

Zhu made the remark at the three-day national conference on the establishment of a modern enterprise system in experimental units, which closed here today.

The vice-premier said China's reform in the systems of taxation and finance has been going smoothly since the beginning of the year and a basic framework of a socialist market economy has taken shape.

This, he emphasized, has created a favorable climate for deepening the reform of the country's state-owned enterprises.

He said, the main task at the present stage is to step up the reform of enterprises in order to build gradually a modern enterprise system with the publicly owned sector as its mainstay.

In the coming year, the economic restructuring will focus on the reform of enterprises, he said, adding that priority should be given to separating the functions of the government from those of the enterprises, to strengthening

the management of the enterprises' internal operation and to building a good social security system.

Zhu, also member of the Standing Committee of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, said the reform should be carried out in a coordinated way and attention paid to the integration of restructuring, reorganizing and renovating of the old enterprises.

To achieve a better result, the experimental work and the whole reform should also go hand in hand, he said.

State Councillor Li Tieying and Wu Bangguo, member of the Secretariat of the CPC Central Committee, also attended today's meeting.

Ye Qing Addresses Conference on Electricity

OW0511140494 Beijing XINHUA Domestic Service in
Chinese 0633 GMT 4 Nov 94

[By reporter Gu Wenhong (0657 2429 3163)]

[FBIS Translated Text] Zhengzhou, 4 Nov (XINHUA)—Speaking at a national electricity conservation work conference on 3 November, Ye Qing, vice minister of the State Planning Commission, said emphatically: To solve China's energy problems, we must follow the principle of "stressing both development and conservation." Currently, we should place particular stress on conservation.

The electricity conservation conference, jointly convened by the State Planning Commission, the State Economics and Trade Commission, and the Ministry of Power Industry, was aimed at summing up and popularizing the experiences of all localities throughout the country, especially that of Henan Province, in saving electricity since the introduction of reform and opening up. It was also aimed at exploring new ideas for the development and reform of energy- and electricity-saving efforts under socialist market economic conditions.

In his speech, Ye Qing pointed out: Although the total amount of China's energy resources is fairly large, per capita share is relatively meager. We cannot guarantee that China will maintain sustained, rapid, and healthy economic development during the "Ninth Five-Year Plan" and in the year 2010, through high consumption of energy, raw and semifinished materials, and other resources. We must follow the path of resource-efficient, intensive development. Besides, it will be difficult to achieve significant growth in energy resources over the short term because the development of such resources requires heavy investment and takes a long time. Conservation, on the other hand, is an important way to ease the imbalance between energy supply and demand in China's economic development because it only requires approximately one-third of the investment required by development, yields quick returns, and produces good

economic and social results. As a consequence of conservation, we can also conserve our transport capacity and reduce losses in various stages of transportation.

Ye Qing said: Saving energy and reducing its consumption are also one of the important measures for changing the poor economic performance of Chinese enterprises. At present, the consumption of materials, such as energy and raw and semfinished materials, contributes to over 70 percent of the costs of Chinese industrial goods. The reduction of costs will help enterprises improve the competitiveness of their products, and is also required by the socialist market economy. Moreover, energy conservation will help reduce environmental pollution.

Ye Qing said emphatically: Electricity, which is a high-quality, clean, convenient, and highly efficient form of energy, has become an important pillar of social development. Over the past 10 years, China has increased power generation at a rather rapid pace. In 1993 alone, its power generation capacity increased by 14.66 million kw, putting the country in the forefront of the world in terms of both the size and rate of growth in power generation capacity. Power supply, however, still cannot keep pace with national economic growth and the needs of the people's livelihoods. Most provinces and municipalities currently suffer power shortages, and 120 million people across the country are still without electricity. Under the current circumstances, electricity conservation produces tremendous economic, environmental, and social benefits.

While affirming the country's remarkable achievements in electricity conservation in recent years, Ye Qing pointed out: At present, China's energy utilization rate remains low, its production technology and equipment are outmoded, its consumption of electricity per product is high, and its way of using electricity is wasteful. This shows that electricity conservation will be a protracted, arduous, and painstaking job. In the future, we will continue to intensify our energy-conservation efforts as a long-term strategy for China's economic development. On the other hand, we should gear energy conservation to the new situation of the market economy as we optimize the distribution of resources through the regulation of market mechanisms, and use the law of value to help enterprises lower costs through conscientious energy and electricity conservation efforts. Also, we will encourage enterprises to save energy, and restrict and penalize energy-wasting practices, through the greater use of legal and economic means.

During the conference, Power Industry Minister Shi Dazhen also delivered a report entitled "Improving Understanding, Renewing Concepts, and Opening up New Avenues for Electricity Conservation," in which he made plans for further deepening the nationwide electricity conservation effort.

State Council Issues Circular on Overdue Taxes

HK0711075294 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0757 GMT 28 Oct 94

[FBIS Translated Text] Beijing, 28 Oct (ZHONGGUO TONGXUN SHE)—The State Council recently transmitted the "Urgent Instructions on Stepping Up Screening of Enterprises' Overdue Taxes," submitted jointly by the Finance Ministry, the People's Bank of China, the State General Administration of Taxation, and the General Administration of Customs, and called on all localities and departments to adopt effective measures to screen the overdue taxes payable by enterprises. The State Council also issued a circular on the issue.

The circular called for investigation of the situation and the reason for the overdue taxes payable by enterprises and for finding feasible ways to clear the overdue taxes. If the taxpayers do not pay their taxes within the time limit, the taxation organs should order them to pay the taxes and impose a 0.2 percent surcharge immediately after the deadline in light of the tax law stipulations. If they still refuse to pay, the banks or other financial organizations, where the enterprises have opened accounts, should be notified to deduct the amount from their savings accounts. Regarding enterprises which owe tax payment because of their poor management or overstocking, the financial and taxation departments at all levels, competent departments within the enterprises, and banks should vigorously help them promote their sales, screen the payment for goods, examine the funds, and pay the taxes. Regarding efficient enterprises whose products are marketable but which have a shortage of working capital after paying the taxes, the banks should grant them working capital loans on preferential terms.

The circular stressed the necessity of readjusting the commodity transaction order, strictly enforcing settlement discipline, and paying attention to the work of clearing the debts of enterprises and trades which are behind with tax payment. Regarding the large enterprises which are sources of revenue and which are behind with tax payment, a special interim tax account can be opened at the bank. The money for goods received by the enterprises should be proportionally transferred to the special account so as to secure revenue.

The circular requested that the screening of overdue taxes payable by enterprises and the screening of overdue taxes imposed on cigarettes and liquor payable by enterprises should be regarded as an important item in this year's general financial inspection. All taxpaying units and individuals should increase their sense of the legal system and tax payment, and pay taxes in full and promptly according to law. Legal action will be taken against the units and individuals who refuse to pay taxes even after repeated efforts made to press for payment.

Government Issues Tax Policy for Foreign Oil Firms

HK0611080394 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Nov 94 p 1

[By Tong Ting: "Oil Contractors Get Tax Policy"]

[FBIS Transcribed Text] In a bid to strengthen tax inspection, China has issued new regulations on foreign oil exploration, the State Administration of Taxation (SAT) announced.

With oilfield operators contracting a variety of jobs to specialized companies—many of whom don't have a long-term presence in China—tax collection can be difficult.

Many of these contractors do not set up offices in China due to the often short-term nature of their work.

"The new regulation will better ensure the country's tax supervision and prevent tax evasion by overseas oil contractors," said Teng Shichao of the SAT.

Teng is Deputy Director of Offshore Oil Tax Administration under the SAT.

Implementation of the regulation will not affect overseas companies' oil exploration in China but help the oil tax administration strengthen management in the field, he said.

According to the regulation, overseas contractors for oil projects or labour-service supply should register in tax institutions in line with China's Law of Tax Collection and Supervision.

State-owned, foreign-funded and wholly foreign-owned oilfield operators must present written reports on the contractors' title, contract project, cost, term and other information to the tax institutions within 15 days of signing agreements with them.

Contractors without business registration certificates are required to turn in security deposits.

According to the new rules, operators must collect 12 per cent of the contract, which they will turn-over to the relevant tax administrations as a security deposit.

Tax institutions will withdraw appropriate taxes from this amount and return the balance to the contractor.

Contractors with Chinese tax guarantors ratified by the tax institutions can be exempt from posting a security deposit—tax institutions will offer "security-free" certificates to contractors with business registration credentials or tax guarantors.

If the operator's negligence in regard to the regulations results in tax evasion—intentional or otherwise—by contractors, the operator's contracting fees will not be excluded from the amount of the enterprise income to be taxed, according to the regulation.

Government To Shut Down Bankrupt State Firms

HK0611082794 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Nov 94 p 8

[By Xiao Pei: "State Closes-In on Money Losers"]

[FBIS Transcribed Text] More money-losing State enterprises will be shut down this year government officials said.

About 18 cities, including Shanghai, Wuhan, Qingdao, Tianjin, Chengdu, Chongqing and Harbin, have been chosen as pilot cities for the phase-out.

Two or three State enterprises in each of these cities are expected to go bankrupt within the year, officials said.

Those that are experiencing heavy losses, especially textile mills, will be closed.

Already 52 enterprises have gone bankrupt in these 18 cities. Another 156 firms cannot pay their debts and are likely to be shut down.

About 40 enterprises in these cities have filed for bankruptcy, including 11 large enterprises, 17 medium-sized ones, 11 small firms and one Sino-foreign venture.

The combined assets of these 40 enterprises totals 4.29 billion yuan (\$500 million) and their overall debt amounts to 4.58 billion yuan (\$533 million).

The number of active and retired employees in these enterprises is 85,905.

Some cities will set up special courts to handle bankruptcy cases in an effort to improve efficiency, officials said.

The government will repossess the land occupied by the bankrupt State firms and lease it to other companies.

Only one-third of State enterprises are profitable. The other two-thirds are either losing money or just breaking even.

But during the eight years since China passed its bankruptcy law, only nine out of 10,000 domestic enterprises have been shut down.

Most money-losing enterprises are dependent on bank loans, causing them to become a heavy burden to the government.

Banks are also opposed to closing the State enterprises, because they worry loans will not be paid off.

So far, about 20 per cent of the loans to enterprises have gone bad, while the reserve for bad and faltering accounts is only 1 per cent.

To ensure the smooth implementation of the experiment to shut down bankrupt businesses, the government is establishing a social security system.

So far, more than 74 million workers in 470,000 State enterprises have participated in the insurance for losing their jobs.

Meanwhile, domestic banks are being demanded to bear the risk of loans and improve the reserve for bad and dubious accounts.

The government will provide 7 billion yuan (\$813 million) this year as reserve for paying the debts of bankrupt State enterprises.

Officials said the government will increase the reserve in coming years since more and more State enterprises will go bankrupt.

Service Trade To Be Further Opened

HK0711110394 Hong Kong MING PAO in Chinese 27 Sep 94 p C2

["Special Dispatch": "To Absorb Foreign Technology and Management Experience, China Will Further Open Up its Service Trade"]

[FBIS Translated Text] An official from China's Ministry of Foreign Trade and Economic Cooperation [MOFTEC] indicated yesterday that China is gradually expanding the opening of its service trade to the outside world, and is marching toward the gradual liberalization of the service trade. This, of course, is a relatively long process, as China should guard against the possible imbalance of exchange payment. This view was expressed by a Chinese official in the course of the GATT negotiations on China's reentry.

According to an official from the Department of International Economic Relations and Trade under MOFTEC, China, as a participant in GATT's Uruguay Round on the service trade, handed in a draft service trade tariff concession list in the course of the multilateral negotiations. The list has been improved many times. As a result, China has undertaken to open more service sectors to the world, and the extent of openness has been increased. These sectors chiefly include shipping, tourism, specialized professional services, banking, advertising, land and offshore petroleum prospecting, aviation transport, and telecommunications. These service sectors will be opened to various extents.

This official added: On the one hand, China is speeding up the development of its domestic service trade; on the other, it is opening the service trade wider to the outside world and using foreign advanced technology and management experience to propel the growth of China's service trade. Therefore, this opening will be conducted in a planned and gradual manner, and will keep pace with the overall level of China's economic development. China needs the development of its service trade, as over-reliance on foreign services would deteriorate the imbalance of foreign exchange payment in such a developing nation as China.

He pointed out that China's service trade will be opened wider to the world, but it takes time, which is in conformity with the target of "gradual liberalization" put forward in the service trade negotiations.

As indicated by the data released by the State Statistical Bureau, in terms of international revenue, the volume of China's international service trade amounted to \$29.84 billion in 1993, registering a 390 percent increase as compared with 1982, when China first formulated its official international balance sheet. The average annual rate of growth reached 15.5 percent, higher than the average growth rate of China's total volume of foreign trade in the corresponding period, i.e., 15.1 percent.

However, China's service trade suffers from a shorter history. Up to now it is relatively backward and accounts for only a small percentage in the national economy. According to statistics, the 1993 figure of China's volume of international service trade made up merely 5.4 percent of its GNP, which is much lower than the international average of 22.3 percent.

At present, China's service trade is enjoying rather rapid development. Many related departments have adopted opening measures.

In the field of the retailing business, the government has approved Sino-foreign joint venture tests in Beijing, Shanghai, Guangzhou, Qingdao, Dalian, Tianjin and the five special economic zones.

In the field of communication and transport, in "Some Proposals on Deepening Reform, Opening Wider to the Outside World, and Speeding Up the Development of Transportation" issued in 1992, the Ministry of Communication indicated that on the basis of bilateral agreements, foreign shipping companies are allowed to run wholly funded or joint-venture businesses within China's boundaries. Using their own ships, they may engage in such foreign trade business items in China as canvassing cargo, issuing bills, settling exchange, and signing shipping contracts. The civil aviation authorities also have allowed, on a conditional basis, foreign investment in such items as airport facilities.

In the field of posts and telecommunications, foreigners are allowed to provide China such services from outside the border as electronic data exchange.

Public accounting firms and law firms are partially open.

China's insurance business has begun to accept foreign firms. At present there are more than 70 representative offices of foreign insurance companies in China.

Authorities Halt 'Illicit Futures Trading'

HK0711062194 Beijing CHINA DAILY in English 7 Nov 94 p 1

[By Ren Kan: "Crackdown on Illegal Exchange Speculators"]

[FBIS Transcribed Text] Four government bodies are staging a crackdown on illicit futures trading of foreign exchanges.

The China Securities Regulatory Commission (CSRC), the State Administration of Exchange Control (SAEC), the State Administration for Industry and Commerce (SAIC) and the Ministry of Public Security issued a joint circular over the weekend, pledging to investigate and punish illegal activities on the foreign exchange trading market.

The move was taken after some domestic institutions were found to have conducted futures trading without approval from the relevant government organs in the last two years.

Some domestic firms even did deals with unlawful overseas groups to defraud customers of their capital.

Their illegal activities have caused financial disorder and led to a drain of foreign exchange.

In some cases, the deals have resulted in economic disputes and an increased number of complaints from the public.

The circular said that all financial firms conducting foreign exchange futures trading should first win approval from CSRC and SAIC.

Approval given by local authorities without authorization by the relevant State department will be counted as invalid.

The circular also said that futures trading that does not have the approval of the CSRC and SAEC and has not been registered with SAIC, will be considered illegal.

And if customers entrust unapproved or unregistered firms to conduct trading, their activities will also be unlawful.

The circular said both sides involved in unapproved trading will not be protected by the law.

The circular urged local administration departments to take immediate action to ban illegal trading.

Institutions conducting illegal trading have been ordered to stop receiving new customers from the date the circular was issued.

Institutions which have defrauded customers will be fined or given legal punishment and illegal gains will be confiscated.

Those firms conducting foreign exchange trading in the name of providing consultancy services for financial futures and investment will be fined and in some cases their business licenses may be cancelled.

Institutions that dare to continue illegal trading after the release of the circular will face severe punishment.

More State Firms Gain Foreign Trade Rights

HK0711062294 Beijing CHINA DAILY in English 7 Nov 94 p 2

[By Sun Shangwu: "131 State Firms Gain Rights for Foreign Trade"]

[FBIS Transcribed Text] More than 100 large-scale commercial and materials and equipment supply firms have been given import and export rights.

The State Economic and Trade Commission, the Ministry of Foreign Trade and Economic Co-operation (Moftec) and the Ministry of Internal Trade have chosen 131 enterprises out of 350 candidates.

Moftec had given formal approval to 113 of the firms by the end of September, a State Economic and Trade Commission official said at the weekend.

Of these, 57 are materials and equipment supply enterprises, 23 commercial wholesale enterprises, 12 retail stores, eight grain-related enterprises and 13 supply and marketing firms. "All the selected firms are backbone enterprises in their trades and sectors," the official said.

In the past, only Chinese foreign trade companies had rights to import and export products, while manufacturers had not.

The total sales of the 131 firms reached 269.56 billion yuan (\$31.3 billion) last year, averaging 2.38 billion yuan (\$276 million) each.

And the sales volume of each of the 12 top enterprises exceeded 5 billion yuan (\$581 million) last year. They include Shanghai Goods and Materials Group, Zhejiang Goods and Materials Industrial Group and China Automobile Trade Corporation.

The 12 retail stores selected averaged sales volumes of 870 million yuan (\$101 million) each. They include Shanghai First Department Store, Beijing Wangfujing Department Store, Beijing's Xidan Mall and Sichuan's Chengdu People's Mall.

The enterprises that have been chosen to conduct foreign trade come not only from coastal areas, but from inland provinces and autonomous regions, such as Qinghai, Xinjiang and Tibet.

The commercial and goods and materials enterprises have close connections with industrial enterprises and rural markets.

The commercial retail stores are looking to export commodities and set up retail stores abroad, the official said.

Large Foreign Investor To Expand Investment

OW0611082694 Beijing XINHUA in English 0723 GMT 6 Nov 94

[FBIS Transcribed Text] Beijing, November 6 (XINHUA)—The United Technologies Company [UTC], one

of the largest foreign investors in China, plans to set up another 15 joint-ventures, one third of which will be located in landlocked areas.

Together with the investment in the existing 11 joint-ventures, UTC's total investment will double within two years, as UTC's operating companies—Otis, Carrier, Pratt Whitney, Pratt and Whitney Canada, Sikorsky, United Technologies Automotive and Carrier Transcold—will all cooperate with China.

The new joint-ventures will cover the fields of automobiles, space industry, elevators and air-conditioners.

About five or six joint-ventures will be located in north-west and southwest China, which will make components for the engines of aircraft and automobiles.

To invest in the interior parts of China conforms to the Chinese Government's policy of lifting the economy of these regions to reduce the gap between them and China's coastal areas, said Richard Latham, president of the United Technologies International Operations-China.

He said that though China's inland regions lack well-developed infrastructures, the mineral resources are very rich, and the technological basis is sound there, and they area able to provide cheap raw materials and technicians for the new joint-ventures.

Latham said this when briefing reporters on a recent purchasing conference held by UTC in Beijing and Xian, capital of northwest China's Shaanxi Province.

Over 70 purchasing executives from UTC and representatives from more than 20 Chinese companies were present at the conference, the aim of which was to purchase, for the Sino-UTC joint ventures, raw materials and components from these potential Chinese suppliers so as to cut down production costs and quicken the localization of products.

At present, the Sino-UTC joint-ventures imported most of their raw materials and parts from abroad, which definitely cost more than purchasing within the country.

George Sanford Jr, UTC vice-president of purchasing, said that to hold such a conference in Xian demonstrated UTC's determination of investing in China's interior regions.

Through the discussion and exhibition of products of these Chinese companies, UTC has found that some of them are well-equipped, and would become UTC's suppliers, said Sanford, adding that within months, executives of UTC would go to these Chinese companies to investigate.

He noted that UTC will train technicians and provide with advanced equipments for its Chinese suppliers to ensure quality of their products.

Latham said that since UTC has a long history and rich experience of successful cooperation with China, it is confident about its future in China.

UTC, ranking 18th in the world last year, is one of the international groups of the United States which entered the Chinese market at an early date.

It began to export to China U.S. electric and machinery products in the 1970s, and its trade volume with China stood at 1.3 billion U.S. dollars last year.

And 10 years ago, UTC started to establish joint-ventures in China. Till now, the total investment reached 400 million U.S. dollars with total income reaching 500 million U.S. dollars in 1993. The 10-year-old Tianjin Otis has become the largest elevator producer in the world.

Commentator Calls For Curbing Inflation

OW0511152394 Beijing XINHUA Domestic Service in Chinese 0305 GMT 3 Nov 94

[Article by unnamed XINHUA special commentator: Continue To Strengthen Macroeconomic Control and Firmly Curb Inflation]

[FBIS Translated Text] Beijing, 3 Nov (XINHUA)—China has smoothly carried out many major reforms this year, in fields such as finance and taxation, banking, foreign exchange, foreign trade and investment. The momentum of economic development and reform is very good across the country. The gross national product from January to September increased by 11.4 percent, and industrial output value jumped by 16.6 percent, together with a steadily growing market sales of consumer goods. The situation of imports and exports is very good, with a trade surplus in general trade by the end of September. New progress has been made in opening to the outside world, with a large increase of foreign investment in China.

In the banking sector, the money issuance has been quite normal, decreasing by 19 billion yuan in the first nine months of this year, as compared with last year's corresponding period. Bank savings for both urban and rural residents have continued rapid growth, with an increase of over 40 percent; and the banks have enhanced their capacity to pay. Loans have markedly increased, and the investment structure and areas receiving investment are both basically reasonable. The dual-exchange-rate system has been successfully replaced by a single-exchange-rate system, the exchange rates have been by and large stable, and the state's foreign exchange reserve has increased by a fairly large margin. Generally speaking, China's reform has been going ahead quite smoothly, and the national economy has been growing in a sustained, rapid, and healthy way since the beginning of this year.

At present, a conspicuous problem in our economic life is the grim situation of inflation. It should be pointed out

that the macroeconomic regulation and control and economic restructuring measures started by the central authorities since last year are completely correct. The central bank has kept money issuance tight, and bank loans have been used mainly for key state projects and for purchase of agricultural and sideline products. The effort has basically brought under control the chaos in the financial setup, characterized by random lending and rampant money-raising activities, which had happened since last year. By exercising a strict control of money issuance and credit loans, the central bank has played an important role in curbing inflation. We may say that the recent price hikes are mainly shown by the rise of food prices, and by the price increase of some products of a resource nature as a result of the reform of their price structure. The price hikes are not caused by a relaxation in money issuance. In the last several years, investment in fixed assets has been excessive, and the comparative returns of agriculture have declined. To arouse the enthusiasm of peasants for the production of agricultural and sideline products, the state raised the state purchasing prices of those products by a fairly big margin in June this year. This has yielded a relatively great impact leading to the present price hikes, but the effect is still limited. In the long run, the higher state purchasing prices will be of far-reaching significance to increasing the production and supply of agricultural and sideline products and to controlling the increase of food prices.

The basic reason for the commodity price hikes in our country since the beginning of this year is a result of excessive expansion in capital construction investment and excessive consumption. First, the trend of excessive increase of investment in fixed assets in the society has not slowed down. New construction projects increased by over 9,000 in July and August this year, and the projects under construction take a considerably large amount of investment. This year's growth rate in the investment in fixed assets will remain as high as last year's if the situation goes on like this. By now, bank loans for fixed assets investment have been brought under control and the investment arrival rate in the state's key construction projects has increased. At present, the major source of funds supporting the excessive investment in fixed assets is self-raised funds and foreign investment, with financial credits accounting for some of it. Therefore, we should seriously study and adopt effective measures to strengthen macroeconomic regulation and control and step up industrial policy guidance. Next, the increase of consumption expenses has far exceeded the increase in social labor productivity, and this situation is still worsening. Third, a disorder exists and management is slack in the field of commodity circulation, abetting such behaviors as seeking staggering profits, practicing fraud, and making unauthorized price hikes. Additionally, in some localities the notion exists that whoever does not raise prices suffers; people there blindly seek higher growth rates, high commodity prices and high salaries; and this is very detrimental to curbing inflation.

The excessive investment, rapid increase of consumption expenses, and disorderly management in the field of commodity circulation are detrimental to achieving a sustained, rapid, and healthy development of the national economy and to maintaining stability. The party Central Committee and the State Council have clearly and definitely set inflation control as the top objective of the economic work for the fourth quarter of this year. To curb the present inflation, we should first emphasize the necessity to unify the understanding of all localities and departments, and firmly eliminate the wrong notion that "inflation is harmless" and "whoever does not raise prices suffers." All localities and departments should keep the interest of the whole in mind, make concerted and comprehensive efforts to curb inflation, and provide both temporary and fundamental solutions to the problem. Otherwise, it will be difficult to curb inflation this year and in the ensuing period.

At present, we should continue to strengthen macroeconomic regulation and control. In particular, we should strictly control the scale of fixed assets investment and strictly examine new construction projects, especially local projects and projects with self-raised capital investment, before approving their construction. Local income from land rent should be included in local budgets. The management of consumption funds should be earnestly improved. Measures should be taken to control the over-rapid increase of bonuses and other compensation and keep the increase within reasonable limits, and to restrict public-fund-defrayed consumption.

It is necessary to earnestly strengthen the role of agriculture as the foundation of the economy, increase agricultural investment, ensure the supply of vegetable and food grain, and increase the supply of essential goods and the state reserve of grains, cotton and edible oil. At present, it is particularly necessary to do serious and good work in purchasing grain, cotton, oil-bearing crops, and staple agricultural and sideline products. It is essential to accomplish the state purchase of grain and cotton. Banks, financial departments, and purchasing enterprises must have sufficient funds ready by the purchase time according to plan, and ensure that no "IOU's" will be issued for the purchase of agricultural and sideline products.

It is necessary to control the increase of money issuance, fixed assets investment, and consumption funds by strictly controlling the total amount of credit loans; strive to make a structural readjustment; and accelerate the turnover of capital funds. No localities or banks are permitted to extend loans in excess of the authorized amount. Making fixed assets investment with funds from short-term loans and loans for circulating funds is strictly prohibited. Enterprises with a large and increasing amount of accounts receivable and an increasing overstock should be denied new loans and their mature loans should be recovered. Active support should be given to the production of those enterprises which produce marketable products and have good economic efficiency. The governments and the departments

in charge of enterprises at various levels should do a good job in clearing off debts; restricting the production of overstocked products, and promoting sales; strive to smooth funds circulation; and reduce the amount of funds being tied up.

Banks and other banking facilities should pay attention to cash management, strictly enforce accounting discipline, strictly perform the duties of wage fund management and cash management, strengthen supervision over tellers, and strictly implement the system of examination and approval. Banks should make great efforts to improve their account settlement service, strictly enforce the account settlement discipline, and accelerate the turnover of funds for account settlement. These measures are conducive to enhancing the excellent situation, to lowering the excessively increased commodity prices as a whole, and to creating a good macroeconomic environment for economic development and reform.

'Positive Factors' in Inflation Battle Viewed

HK0711053094 Hong Kong TA KUNG PAO in Chinese
2 Nov 94 p 2

[Editorial: "Witnessing China's Positive Factors for Curbing Inflation"]

[FBIS Translated Text] Some experts in Beijing have summed up the economic situation in China this year in a few words: big reform, rapid development, and high commodity prices. This description implies that inflation is a worry among pleasing news.

Anyway, the inflation rate exceeds 20 percent, which is higher than the 11.4 percent economic growth and beyond the point that all sectors in society can withstand at the present stage. The benefits the state and public gain from rapid economic growth have been much offset by inflation. This cannot but arouse worries among the people. Many Hong Kong people who operate enterprises or other businesses in mainland China are naturally very worried about inflation because it affects their production costs and income.

In our opinion, if you carefully look into the positive factors concerning the making and curbing of inflation in China, you will see a trend where inflation is being alleviated in China. Therefore, there is no reason why we should panic. However, Chinese leaders and government departments, as well as local authorities at all levels, indeed have to pay great attention to the grim situation of high commodity prices and try their best and make every effort to curb inflation. This issue brooks no negligence, since inflation will not be reduced by itself.

Relevant information shows that the present inflation in China can be attributed, to a 70-percent extent, to cost-push factors. And the considerable increase in costs is in turn due to an over-expanded scale of investment in fixed assets, excessively rapid growth in consumption funds, and a drastic increase in aggregate demand in society over the past few years. The great pressure arising

from demand in turn gives rise to great pressure in terms of costs. In fact the rising momentum in fixed-assets investment should have been curbed in the wake of macroeconomic regulation and control, since a general balance between supply and demand had been achieved in the first half of this year. However, product costs increased by 28 percent last year, and some of the effects of the increase in costs were left over until this year. In addition, pay raises, the abolition of the double-track foreign exchange system, and tax adjustments this year have also caused costs to increase, and the effects arising from these have finally been shifted onto consumers.

If we view this issue as a phenomenon in the process of development, we will find that existing factors leading to cost increases are being offset and new reform measures have started working as an impetus to boost the productive forces. In the wake of the in-depth development of reform, the introduction of a series of supporting reforms, and the intensification and improvement of macroeconomic regulation and control, the scale of investment in fixed assets will be brought under tighter control, and, therefore cost-related pressures will be gradually alleviated and the effect of the inflation factor will diminish.

The results of national commodity price inspections conducted earlier indicate that foodstuff prices, among other commodities, have had the widest margin of increase this year. By September increase in foodstuff prices were responsible for 70 percent of the overall increase in commodity prices, and that is one major reason why commodity prices have remained persistently high. Signs of an excessively wide margin of price hikes were first seen last February. At that time the central authorities took a series of measures, which resulted in a remarkable slowdown of price hikes from March to June. However, commodity prices increased again by quite a wide margin. This can be attributed to two factors. First, some localities were hit by serious natural disasters, which affected production and supplies of foodstuffs. Second, adjustments to grain prices have lagged behind increases in commodity prices in the past few years, and a large increase in the procurement prices of grain did not arise until the latter half of this year; this not only resulted in substantial increases in the prices of foodstuffs made from grain, but also caused a chain reaction in the prices of other foodstuffs.

But we should also see the other aspect of the matter. With all measures taken, disaster-stricken areas have now basically overcome the difficulties facing them. A bumper national grain harvest is still attainable. What is more, increases in the procurement prices of grain and cotton have encouraged peasants to display greater initiative in farming and have given a tremendous impetus to efforts to promote the production and supply of rice, food, and other farm and sideline products. And this will certainly effectively mitigate the effects of the inflation factor.

The wholesale sector is relatively chaotic. It has been quite common for people to take advantage of inflation to jack up prices, causing commodity prices to increase by a wide margin this year. Since China is developing its socialist market economy, the scope of market regulation is expanding and the role it plays is becoming more and more important. Now, 85 percent of farm and sideline products, 95 percent of manufactured consumer goods, and some 90 percent of capital goods are covered by the market price system, which has undoubtedly helped boost production and invigorate the economy. However, since supporting reforms in other areas, as well as management, legislation, and supervision of the market, still cannot keep up with the pace of market development, some departments, trades, and enterprises have taken the opportunity to arbitrarily raise prices and to add service charges in terms of the variety of services and rates, and a small number of lawless elements have sought colossal profits by monopolizing the market and jacking up prices. This has also contributed to inflation.

The CPC central authorities and the State Council have fully considered the serious effects of inflation. Therefore, they have decided to take up fighting inflation as a major part of their economic work and a priority task of macroeconomic regulation and control in the latter half of this year and in the future. In this connection, some feasible and effective measures have been taken. Apart from such fundamental measures as deepening reform, intensifying macroeconomic regulation and control, promoting production, and increasing supply, more attention has been paid to market management, legislation with regard to the price system has been speeded up, and all kinds of supervision have been strengthened. Economic, legal, and administrative means will all be employed to fight inflation. It is believed that the drastic price hikes will be mitigated before long.

The previous period has seen worrying factors in the wake of gratifying development, and in the days to come we will see solutions to worrying problems and hear more gratifying news. We have full confidence in China's economic future.

Minister on Doing Good Job in Coal Industry

HK0711091294 Beijing LIAOWANG in Chinese No 38, 19 Sep 94 pp 14-15

[By Minister of Coal Industry Wang Senhao (3769 2773 3185): "Make Further Efforts To Do a Good Job in the Coal Industry"]

[FBIS Translated Text]

I.

In 1993 the state put forward the new policy of both liberalizing coal prices and canceling financial subsidies in three years. Accordingly the Ministry of Coal Industry [MCI] has made new arrangements, i.e. "striding toward the market and facing challenges so as to realize the great

historic transformation of the coal industry and to turn losses into profits in three years."

Having worked very hard for almost two years, we have made a good start in shifting the coal industry toward the system of socialist market economy. This finds expression in the following ways:

—The thinking and ideology of leading cadres at all levels is "undergoing profound changes"; the stereotyped ideas of "waiting for instructions from above, relying on the leadership to solve difficult problems, and asking the leadership to provide whatever is needed," which had been formed over the years, are being discarded; and the concepts of the market, quality, competition, and efficiency have obviously been strengthened;

—From level to level the targets for turning losses into profits have been set, incentive policies formulated, and responsibility systems fortified, so that the amount of losses incurred by key state-owned collieries has dropped conspicuously. At the same time, the industry as a whole has put into practice target cost management, strictly controlled the growth of costs, and achieved noteworthy results. Last year the amount of losses was 0.74 billion yuan less than planned, and 2.49 billion yuan less than that for the year before; in the first half of this year, the amount of losses was again 0.07 billion yuan less than planned and 0.56 billion yuan less than that for the same period last year;

—Considerable progress has been made in reducing staff, raising efficiency, and developing diversified undertakings and tertiary industry. In 1993 the total number of workers and staff in key state-owned collieries, for the first time in many decades, decreased by 110,000 net. In the first half of this year the number went down by a further 40,000 as compared with that at the beginning of this year. By the end of last year, the people engaged in diversified undertakings and tertiary industry were as many as 1.7 million, while the output value of non-coal products reached 8.7 billion yuan.

—Relying on the progress in science and technology to raise efficiency and increase benefits is one of the fundamental ways for the state-owned collieries to get out of their present dilemma. Since last year the MCI has strived to get a firm hold on the construction of high-yield, high-efficiency coal pits. As a result, 12 coal pits have been constructed with an 18,000-fewer workforce, while all-personnel work efficiency has been raised from 3.5 tonnes per worker to 5.7 tonnes per worker. Take Yungang Colliery in Datong for example. While its annual output of crude coal reached 4 million tonnes, its number of coal-digging teams went down from 13 to three, and its number of colliers dropped from 2,500 to 480. As for the Zhangcun Colliery in Luan, which has only one comprehensive digging team, it has an annual yield of 2.3

million tonnes of crude coal and its all-personnel work efficiency is as high as 8 tonnes per worker.

- The safety situation in collieries has continued to steadily improve. Safe production and prevention of serious accidents have been listed as the focus of the work, concrete measures formulated, and responsibility systems confirmed. Regarding safe production in local-run collieries, their responsibility systems have also been strengthened in accordance with the principle of "he who runs the mine and benefits from the mine should be responsible for the safety of the mine".
- The 10-character principle of "support, transformation, rectification, unity, and improvement" has been defined, which greatly promotes the healthy development of township and town collieries.

II.

There is no denying that while the coal industry has made a good start in its transformation toward a socialist market economy, it is still faced with many problems and difficulties.

New contradictions and problems have emerged in the process of transformation and they overlap with old historical ones left behind by the planned economic system that long prevailed here, so that the reform and development of the coal industry are faced with very serious challenges. These problems, to sum them up, are mainly as follows:

- Fund resources in state-owned key collieries are under very great strain, so that the production, operation, and livelihood of workers and staff have already been seriously affected. The main cause is that consumers are behind in the payment of coal loans granted by the collieries. Though many efforts have been made to have the debts cleared up, there is still a very large amount of coal still left unpaid for.
- The collieries have too many employees and very low efficiency, and the slimming of the workforce and improvement of efficiency present quite a hard nut to crack. At present, key state-owned collieries have a workforce of 3.5 million persons and their all-personnel labor efficiency is 1.4 tonnes per worker, while local state-owned collieries have a workforce of 1.8 million persons and their all-personnel labor efficiency is a bare 0.7 tonnes per worker. Hence it is hardly ever possible for the enterprises to survive and develop without cutting down on their workforces and raising efficiency. Now the problem is that it is very hard to find placements for those laid off and the starting funds to initiate diversified undertakings are also lacking.
- The historical burdens left behind on key state-owned collieries are too heavy. First, the small-scale "societies" organized and run by enterprises. As there are too many retirees in key state-owned collieries and there

are schools run by the enterprises etc., the annual non-business operation cost reaches almost 5 billion yuan, and is still increasing progressively at the rate of 25 percent annually. Second, too many obligations on production and livelihood have to be repaid. Because of the general contracting-out put into practice during 1985-1990, enterprises were forced to use their own funds to cover the losses, so very little if any funds were retained as reserves or accumulation, thus making the enterprises incapable of improving the livelihood of their employees. Third, the burden brought about by those coal pits that were overage or closed down, and those that incurred serious losses. Due to the fact that collieries have been run for many years with no profits but rather losses, and hence no accumulation, those overage or closed-down coal pits lack funds resources that would help them turn to other lines of business, and a number of coal pits built during the planned economy period have had poor coal quality, complicated geological conditions and irregularly high costs and have therefore suffered great losses. If these above-mentioned coal pits are to be closed down, stop production or even be liquidated, they would also need funds to change themselves over to other lines of business.

- Railroad transportation still produces a "bottleneck" effect upon the coal industry and brings about difficulties in production in a number of coal mines.

The party Central Committee and the State Council are very much concerned about the difficulties and problems facing the coal industry, and have already taken and will gradually take a series of measures to help solve them.

III.

As for the coal industry, I hold that the focal point should be how to do well the work itself. To do so, we shall start our work in the following respects and strive to create a new situation in the transformation and development of the coal industry.

1. The reform of coal enterprises should be deepened, with the stress on changing mechanisms and increasing vitality.

In a largely similar outside environment, whether or not an enterprise actually deepens reform and changes mechanisms will bring about very different results. For example, the Kailuan Mining Bureau, which is a century-old mine with deep shafts and long tunnels, cut its losses by 60 million yuan last year and, in the first half of this year, after including various cost-increasing factors, again managed to cut its losses by 15 million yuan. The Pingxiang Mining Bureau, which is also a century-old mine, cut its losses by 20 million yuan last year thanks to a swift change of mechanisms and, in the first half of this year, another two mines turned losses into profit. We shall propagate the experience of these two bureaus so as to practically increase the vitality of our enterprises.

2. Experiments in establishing a modern enterprise system should be actively carried out.

This is a difficult and complicated job, which must be experimented with first in accordance with the actual conditions and then implemented steadily. The MCI plans to reorganize the Yanzhou Mining Bureau into a limited liability company, and Pingshou Mining Bureau into a limited-stock company. On this basis, we would actively set up coal enterprise groups with key state-owned collieries as the core, unite with enterprises of different ownership systems and different funding channels, and form cross-area, cross-trade enterprise groups with coal as their fundamental business line, complemented by diversified undertakings.

3. Reform of the investment system should be deepened and a coal construction principle suited to the market economy system implemented step by step.

We will demolish the various trade barriers and mobilize all social forces to run collieries. We will start from reforming the distribution system for coal. Acting on the principle of "whoever benefits should invest," we will encourage power, metallurgical, chemical, railroad, and other industries, together with their subsidiaries, to invest in coal mines; we will also encourage areas short of coal resources to come to areas rich in coal resources to run collieries; and mining enterprises, trading companies, and financial institutions abroad are welcome to come to China to set up and run collieries in various forms such as joint ventures, cooperative operation, etc.

In accordance with the principle of efficiency, the coal industry departments should mainly get a firm hold on a few key coal-exporting provinces and mining districts, and build a batch of large energy bases that can combine transportation of coal with transmission of electricity in supporting the whole country. In the implementation process, we will see to it that the best, most beneficial projects are selected and that all newly built state-owned mining districts and collieries have fairly good economic results. We will absolutely not build any mining districts or collieries that will not make profits or be able to pay back loans. **4. The right moment must be seized to broaden the scope of opening up to the outside world.**

On the one hand, the utilization of foreign capital must be speeded up, such as the cooperative development and construction of large open pits; construction of power stations near coal mines and of coal-conveying pipelines; exploitation of coal gas and utilization of clean coal techniques, etc.

Not long ago, when I was on an inspection tour of mining companies and coal associations in the United States, people there also expressed the strong desire to develop cooperation between the coal industries in China and the United States. In order to expand the scale of the utilization of foreign funds, the MCI is now compiling a "Guide to Foreign investment in the Coal Industry." To promote the work of introducing and utilizing foreign

capital, it is also planned to hold an "International Fair for the Invitation and Introduction of Foreign Capital in the Coal Industry" this autumn.

On the other hand, the MCI is gradually granting the right to export coal on their own to coal enterprises. Moreover, it also allows coastal areas in the south to increase coal imports by suitable amounts according to their needs.

5. High-yield, high-efficiency and intensive operation is the route to be taken.

Practice in many mining bureaus has shown that to achieve good efficiency and be market-competitive, collieries must take the route of high-yield, high-efficiency and intensive operation. This year, the MCI plans to build 28 high-yield, highly efficient coal pits. When the goal is reached, we can hire 49,000 fewer workers than usual, and the average work efficiency can reach 5.5 tonnes per worker.

6. The pace of reducing numbers of workers, raising efficiency, and developing tertiary industry and diversified undertakings must be quickened.

In order to realize the goal of having 150,000 people transfer to other jobs and a net decrease in the number of workers and staff of 100,000 this year, the emphasis of work in the second half of this year should be laid on the reduction of the surplus workforce working underground, above ground and in the office as well.

By the end of this century, we plan to reduce personnel by 1 million and transfer them to other jobs, thus laying a foundation for realizing the target of having the output value of non-coal enterprises reach or surpass that of coal enterprises.

If only we rouse ourselves and work very hard, we will certainly be able to do a good job in the coal industry.

Coal Exports To Reach Record High in 1994

OW0511134494 Beijing XINHUA in English 1326
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—China fulfilled its coal export plan for the whole year more than two months ahead of schedule.

Experts believe China's increasing trend of coal export will continue into the remaining two months of this year and will bring 1994's total to a record high of 21 million tons.

According to the China National Coal Industry Import and Export Corporation (CCIEC) today, by October 25 this year, China had exported 18.25 million tons of coal, valued at 570 million U.S. dollars.

They are 101 percent and 105 percent of the targets projected by the State Planning Commission for 1994, respectively, a CCIEC official said.

Competition has been fierce on the international coal market since the beginning of this year, with over-supply leading to decrease of prices.

Faced with such a disadvantageous situation, CCIEC adopted a flexible strategy to attract clients and open up new markets.

The traditional clients of China's coal export are countries in Asia and Europe, with which long-term contracts are signed.

However, CCIEC also welcomes clients for on-the-spot trading.

Last year, China became the world's biggest coal producer, with output topping 1.14 billion tons. But its coal export was a mere 18 million tons, accounting for only 4.5 percent of the world's coal trade volume.

Nuclear Corporation Shifts to Civilian Production

HK0611080594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Nov 94 p 8

[By Liu Weiling: "Nuclear Production Falls Amid Shift To Civilian Output"]

[FBIS Transcribed Text] Despite a 7.3 per cent fall in their military production, output by China National Nuclear Corporation [CNNC] enterprises rose 44.2 per cent in the first three quarters of this year.

By the end of September, CNNC completed 83.6 per cent of its whole-year production plan, according to the China Nuclear Industry newspaper.

CNNC is switching from producing nuclear materials for military use to civilian products, including many nonnuclear goods.

Production for civilian use registered a hefty 71.6 per cent growth rate in the three quarters compared with the same period last year.

The newspaper didn't reveal specific output figures.

By the end of September, CNNC's nuclear power plants had generated 10.443 billion kilowatt-hours of electricity, nearly eight times more than the same period last year.

The value of nuclear power production also rose 8.5 times in the first nine months compared with the corresponding period last year.

Development of nuclear electric power is now the main task of the nuclear industry in a bid to better serve peaceful purposes, CNNC General Manager Jiang Xinxiong said.

There are two nuclear power stations in commercial production—the 300,000-kilowatt Qinshan station in Zhejiang, which was designed and built independently

by China, and the Daya Bay Station with two 900,000-kilowatt generating units which were imported from France and Britain.

Fifteen provinces and municipalities, including Liaoning, Jiangsu, Shandong and Shanghai, wish to build power stations or are preparing for their construction.

Production of goods for civilian use registered a sharp increase in the first three quarters.

Deducting the growth in nuclear power, production of goods for civilian use chalked up a 26.2 per cent increase.

Sales income from these products also rose by 65.6 per cent in the nine months.

Since most of the plants producing nuclear materials have closed or have stopped operating, production for military use dropped by 7.3 per cent during the period.

Jiang said military production has been reduced to a minimum of State orders and the bulk of CNNC's enterprises are serving the needs of the country's economic construction and daily life.

Nearly 300,000 employees have been moved to factories now making civilian goods, Jiang said.

Goods and services provided by CNNC for civilian use now account for 76 per cent of the corporation's gross output.

It makes 1,600 different products, including goods using radioactive materials such as metal fault detectors and fire alarms to goods not related to nuclear technology, such as chemical fertilizers.

Building Industry Reform, Development Goals Set

HK0711113994 Beijing ZHONGGUO XINWEN SHE in Chinese 1301 GMT 15 Oct 94

[By reporter Yu Donghui (0151 2639 2547): "China Puts Forward Building Industry Reform and Development Goals"]

[FBIS Translated Text] Beijing, 15 Oct (ZHONGGUO XINWEN SHE)—China has set out the reform and development goals for its building industry. By the year 2010, the newly added value of the building industry will have constituted about 10 percent of the country's gross domestic product; the volume of the industry's overseas contracts will have amounted to \$10 billion or so; the industry will have employed about 6 percent of the total working population in society; the quality of all projects will have been up to state acceptance standards; a single, open, competitive, and orderly building market system will have been set up; and the quality of the industry as a whole will have been improved markedly.

The building, electronic, petrochemical, and car manufacturing industries have been rated as China's four major pillar industries, which should be developed in a selective way in the 1990's.

At the national building industry work conference held here, Construction Minister Hou Jie pointed out: A pillar industry must have at least the following four conditions: Having a bearing on the national economy and the people's livelihood, having a sustained and strong market demand, having the ability to promote the development of numerous related industries, and having the ability to provide the state with huge amounts of accumulation.

Vice Construction Minister Tan Qinglian pointed out: China's building industry is facing good opportunities. In the years to come, the Chinese economy will continue to grow at the rate of about 9 percent a year. Therefore, the building industry's output value will grow at an annual rate of about 12 percent in the coming seven years. The building industry's four major tasks are as follows:

1. The task of constructing the key state projects represented by the Three-Gorges Project and the Beijing-Jiulong Railway is arduous.
2. In the 1990's, a housing space of 1.65 billion square meters will be built in cities and towns, while housing space of 6.5 billion square meters will be built in the rural areas. The existing housing in the urban and rural areas will be transformed.
3. By the year 2000, China will have about 230 newly built cities and about 5,000 newly built towns with a complete administrative structure. The task of urban construction and transformation of old cities has become enormously heavier.
4. The huge rural building industry market needs to be developed in a selective way.

Industrial Production Speed Increasing

HK0711104394 Beijing ZHONGGUO ZHENGQUAN
BAO in Chinese 24 Sep 94 p 1

[Report from Beijing by reporter Yu Li (0060 0500) and correspondent Bu Fan (2975 2868): "State Information Center Says Industrial Production Speed Changes From Decreasing to Increasing"]

[FBIS Translated Text] According to the analysis and forecast of the monitoring report released in September by the Industry and Market Monitoring Group under the State Information Center, the current speed of industrial production has shifted from decreasing to increasing, the domestic consumer goods market is experiencing another boom, and retail prices continue to rise.

It is estimated that in September, the total industrial output value of enterprises at and above the township level is 360 billion yuan, registering a 23.8 percent increase over the same period last year. The accumulated industrial output value is 3,021 billion yuan, reflecting a 19.5 percent increase. In September, the total volume of retail sales of consumer goods is 140 billion yuan, 36.8

percent higher than the same month last year, or allowing for the price-rise factor, recording an actual increase of about 10.5 percent.

China's current industrial production manifests the following features: First, the rate of increase of both heavy and light industry is enjoying a steady increase, and the production of the agricultural means of production is accelerating markedly. It is estimated that the total light industrial output value will be 174 billion yuan for September, 27.6 percent higher than the same period last year; the total output value of heavy industry will reach 186 billion yuan, a rise of 20.4 percent. Second, the growth rate of both state-owned and collective industry is rising rapidly, while that of other industrial sectors is slowing down. It is estimated that in September, the output value of state-owned industry, collective industry, and other industrial sectors will be 152.5 billion yuan, 144.5 billion yuan, and 63 billion yuan, respectively, registering increases of 5.2 percent, 36.4 percent, and 46.5 percent, respectively. Third, the developed regions lead the country in terms of industrial growth rate. Seen from the temporal relationship between the regional and national economies, the eastern region manifests an apparent advance. In August, the growth rates of total industrial output values for the eastern, central, and western regions were 23 percent, 17.5 percent, and 14.8 percent, respectively, which are higher than July by 3.7, 2.3, and 0.9 percentage points. The geographical pattern of this growth foretells a continuous acceleration of China's industrial production in recent months. Fourth, enterprise economic efficiency has improved to a certain extent. The main economic indexes of the budgetary state-owned industrial enterprises indicate that the profit growth from January to August is higher by 1.3 percentage points than that from January to July. At the same time, the number of enterprises operating at a loss has fallen, while the growth rate of enterprise deficits has dropped to a certain degree. However, sales costs have risen further, and the stock of finished products continues to increase.

A prominent feature of the current market situation is the strong momentum of price increases. After experiencing a rebound some time ago, the price level continues to rise. In August, the retail price index was 23.5 percent higher than the corresponding period last year, of which the growth rate for urban areas was 22.5 percent and that for rural areas was 24.5 percent. The consumer goods price index rose by 25.8 percent, while that of 35 large and medium-sized cities grew 27.1 percent.

According to analyses by experts, the current acceleration of industrial production can be attributed to rising market demand and accelerated investment growth, accompanied by the relatively relaxed external environment and the alleviation of the bottlenecks imposed by energy, transportation, and funds. On the other hand, the chief cause of the continuous price increases lies in the rapid growth of consumption funds and the rising

cost of products. In the first eight months of this year, cash expenditures for wages from banks increased by 38.6 percent over the same period last year. In particular, ever since the second quarter, the trend is a progressive monthly increase. In August, cash expenditures for wages from banks rose by 45.6 percent over the same period last year. As the production cost of industrial goods and various kinds of farm and sideline products has been rising rapidly, and the real purchasing power of both urban and rural people is expanding rapidly, the two-fold driving force of cost and demand has been continuously driving up the retail price level. Second, the relatively strong demand for domestic investment is bringing about a rebound of consumption demand, leading to price increases. From January to August this year, state-owned enterprises completed a total investment of 492.2 billion yuan, which was 44 percent higher than the same period last year. Considering the 1993 rush for real estate and development zones, such a high percentage of increase on the already rapidly expanded investment scale cannot but drive up prices. As about 40 percent of fixed-asset investment gradually converts itself into consumption funds, the expanded consumer demand naturally raises the price level. The enormous demand brought on by the drastic expansion of investment has unleashed inflationary pressures. Third, the price increase of such basic daily goods as grain, vegetables, and non-staple foodstuffs is giving rise to chain reactions. In July and August, in particular, when China was hit by frequent floods and other natural calamities, agricultural production, and especially that of vegetables, was subject to serious damage. As a result, the price of grain and of other farm and sideline products soared.

In addition, according to initial forecasts, China's total industrial and agricultural output value in October will amount to about 362 billion yuan, 24.3 percent higher than that of the corresponding period last year, and the total amount of retail sales of consumer goods will reach 143 billion yuan, recording a 36 percent growth as compared with the same month of 1993.

Electricity Output Hits New High

OW0711040794 Beijing XINHUA in English 0325
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—China generated 739.6 billion kw of electricity from January to the end of October this year, 10.57 percent increase over the same period of last year.

Power generating capacity of the whole year for China is expected to reach 900 billion kw, which has and will continue to provide good support to the fast developing economy.

Among the 739.6 billion kw of electricity generated in the first ten months of this year, 139.059 billion kw came from hydropower stations and 599.998 billion kw from thermal power plants. The electricity generated by nuclear power plants had also reached a historical high.

According to China's electricity distribution centre, the power grids across China has been working well. Power distribution authorities have been cooperating well with local governments to ensure a scientific operation and an economical distribution of electricity.

Garment Industry Reportedly Grows Steadily

OW0511104294 Beijing XINHUA in English 1022
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—China produced a total of 2.82 billion garments in the first three quarters of this year, a 19 percent increase over the same period of last year, according to the China Garment Industry Corporation (CGIC).

The corporation revealed that by the end of September this year seven provinces and Shanghai had turned out over 100 million garments each. The provinces are Guangdong, Zhejiang, Shandong, Sichuan and Hebei. Guangdong alone produced over 710 million garments.

After two years of effort to restructure the geographical distribution of the industry, 11 major clothing-production bases have taken shape, with their output making up 92 percent of the country's total by the end of last year, said Dong Binggen, general manager of CGIC.

Relevant sources estimate that the growth rate of garment output in the second half of this year will be a little lower than that in the first half.

Statistics show that China now has 44,000 garment enterprises, with the total annual output ranking first in the world.

Meanwhile, it is estimated that Chinese people spend more than 17 percent of their incomes on clothing.

Dong noted that China's garments industry will occupy a long-term dominant position in the country's economic development owing to the country's large population of over 1.2 billion.

"Along with the improvement of the Chinese people's living conditions, China's garments industry will enjoy increasing development potential," said Dong.

Relevant sources disclosed that China will focus efforts on the technical renewal of the industry, set up a number of giant transregional garment corporations and create famous brands for the world market.

According to statistics released by the Customs Bureau, China achieved a total export turnover of 18.4 billion U.S. dollars last year, ten times more than in 1981.

Statistics also show that the total volume of China's garment and clothing-accessory exports hit 7.76 billion U.S. dollars during the first five months of this year, up 32 percent from the same period of last year.

Caustic Soda Industry Reportedly 'Thriving'

OW0511034294 Beijing XINHUA in English 0308
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—The chlorine and caustic soda industry has emerged as a thriving basic industry in China over the past few years, according to today's "MARKET DAILY."

The paper said that China will manufacture 3.9 million tons of caustic soda this year to become the world's second largest producer of the raw chemical.

It said that of the 220 caustic soda plants in China, ten have an annual production capacity exceeding 100,000 tons each.

The Shanghai Chlorine and Caustic Soda Company is the country's largest caustic soda producer, with an annual production capacity of 350,000 tons.

China exported 250,000 tons of chlorine products and caustic soda in 1993, earning 50 million U.S. dollars, the paper said.

It added that China turned out 1.01 million tons of polyvinyl chloride last year.

The country's caustic soda production is projected to rise to 4.6 million tons, and its polyvinyl chloride output to 1.2 million tons in 1995.

Public Bids To Be Invited for Big Generators

OW0711132794 Beijing XINHUA in English 0905
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—China plans to buy six large hydro-turbine generator units through international competition for a multi-billion U.S. dollar water control project.

Having received the approval of the central government, international bidding will be invited by the end of this year for the purchase of six 300,000 kw turbine generator units, said Yuan Tanlin, deputy director of the Foreign Investment Management Office of the Ministry of Water Conservancy.

With an annual capacity of 5.1 billion kwh, the Xiaolangdi multipurpose dam is to be situated at the end of last gorge of the middle reaches of the Yellow River, 128 km upstream from Huayuankou near Zhengzhou City.

According to an agreement signed by the World Bank and the Chinese Government last June, the bank will provide a loan of approximately one billion U.S. dollars for the project and the resettlement of local residents.

Contracts for the construction of the main dam, the intake, tunnels and spillway, and the power facilities were won last July by three contractors following public bidding: Impregilo (Italy), Zublin (Germany), and Dumez (France).

The 11-year project which began last September, when combined with other reservoirs nearby, will enable the lower reaches of the river to withstand the kind of flood that occurs only once in a thousand years, as opposed to the present control level of only once in several decades.

The project will make it possible generally to eliminate ice plaguing the lower reaches of the river and to prevent the Yellow River bed there from silting up, a perennial problem for hundreds of years.

CAAC Punishes 'Profiteering' by Airlines

OW0511142894 Beijing XINHUA in English 1349
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—In the past six months 49 civil aviation agents and companies, including two Beijing offices of foreign aviation companies, have been punished for illegal profiteering, according to a spokesman for Civil Aviation Administration of China (CAAC).

The spokesman said that 11 agents have been ordered to stop doing business for rectification, four agents were revoked of their commission status, and 66 unlicensed sub-agents were banned.

The 49 agents have been ordered to compensate for a total economic loss of over 2.52 million yuan and hand in fines of 753,600 yuan.

The Beijing office of Singapore Airlines and the Beijing office of Scandinavian Airlines system were among the punished 49 agents, for they had given freight documents to the Trans Am Air Freight (HK [Hong Kong]) Ltd., who has not been qualified as an agent. When doing freight business, the Trans Am Air Freight (HK) Ltd. gained an illegal income of more than 230,000 yuan through cheating practices in filling documents.

The spokesman said that according to related regulations, the Beijing office of Singapore Airlines and the Beijing office of Scandinavian Airlines system have been fined of 100,000 yuan, respectively.

With the fast development of China's civil aviation industry, commission agent business has been expanding very quickly. At present the country has more than 1,200 commission agents in nearly all major cities and towns, with over 20,000 staffs involved. In Beijing alone there are nearly 200 passenger and freight commission agents.

Statistics show that in 1993 the business volume of commission agents reached some 10 billion yuan, compared with 3 billion yuan in 1991; and its proportion in the total income of civil aviation has risen from one third to over 50 percent.

CAAC began to investigate and rectify the commission agent market since April this year. The spokesman said that CAAC will continue to closely supervise this business, any illegal profiteering practice will be severely punished.

Ministry To Raise Rents, Encourage Home Purchases*HK0611082994 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Nov 94 p 8*

[By Lu Hongyong: "China Nails Down Home Guidelines"]

[FBIS Transcribed Text] China will sell State-owned apartments to its better-off citizens, collect more rent from residents of public housing and eventually direct people to buy private homes, according to the Ministry of Construction.

Housing investment last year more than doubled to 162.9 billion yuan (\$19.16 billion), with 55 per cent devoted to building commercial housing. City dwellers now enjoy per capita living space of 7.5 square metres, up 3.9 square metres from 1978, an official with the ministry said.

However, as more city dwellers see their dreams of "home sweet home" coming true, public housing managers see a nightmare.

Instead of benefiting from their possession of public housing, central and local governments and State-owned enterprises have to shell out 28-29 billion yuan (\$3.2-3.37 billion) annually in upkeep, depreciation and property tax.

Government subsidies for public housing topped 67 billion yuan (\$7.79 billion) in 1992, growing at a rate of 8 billion yuan (\$0.93 billion) a year.

The situation worsened after enterprises last year started to sell off public property to employees at huge discounts.

Altogether, 30 million square metres of public housing have been transferred to private tenants in 35 large and medium-sized cities, with a return of only 4 billion yuan (\$465 million).

That represents a per-square-metre price of 130 yuan (\$15.12), about one-eighth of the average commercial housing price for the first seven months of this year.

Discount selling ignited a housing buying spree among urban dwellers and a landslide withdrawal of bank deposits, which hurt the money supply for key projects and affected the prices of commercial housing.

The State has decided in the short term to gradually increase public housing rents to 15 per cent of the income of working-couple families by the year 2000, the official said.

The decision was made in the hope that revenue from increased rents could compensate for the cost of public housing upkeep, depreciation and taxation.

Increased rents will also make public apartment tenants see buying private housing as economical.

After public housing turns commercial, the prices charged will differ according to the income of potential buyers. Better-off families—who could afford a two-room apartment costing five or six times their annual income—will be charged the commercial housing rate. Less wealthy families will pay the at-cost price.

Housing buyers will either have to pay the whole price at the time of purchase or in installments. The former will be rewarded with a discount, and the latter must pay 30 per cent of the housing price as a deposit and pay off the rest of the price plus mortgage interest over a period of no more than 10 years.

Following the practice of mortgage lending experiments in Beijing, interest rates for one and two-year loans will be 10.98 per cent.

The interest rate will rise 0.72 per cent each year if the term of the mortgage goes beyond three years. The mortgage period will be from one to 15 years.

Borrowers must deposit in the mortgage bank a minimum of 30 per cent of the mortgage loan for at least half a year before they can apply for the mortgage.

And borrowers must subject their housing to the lending bank as collateral security for the loan and have guarantors with legal person status.

British Academic on Risks in 'Fragile' Economy*HK0711072694 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 7 Nov 94 p 3*

[By Sheel Kohli in London]

[FBIS Transcribed Text] A senior Sinologist at one of the world's most respected academic institutions has warned that serious political and economic risks face businesses looking to enter the mainland.

Spiralling inflation, an increasingly restless and potentially secessionary minority population and a vast moving mass of people in search of employment in the cities were cited as some of the real problems in China that could have impact on business investment.

David Shambaugh, a senior lecturer in Chinese politics at the University of London's School of Oriental and African Studies, and editor of the highly-acclaimed China Quarterly said that the process of economic reform on the mainland was still "rocky and fluctuating".

"I am amazed by the rates of foreign direct investment pouring into China," Mr Shambaugh said.

"It is a highly fragile, very unstable economy that could easily convulse intensely, as it has in the past."

Mr Shambaugh made his comments during a high-profile, two-day conference held in London, attended by

chief executives and chairmen of Europe's leading companies, including Sir William Purves, chairman of HSBC Holdings, and Patrick Gillam, chairman of Standard Chartered Bank.

His remarks come quickly after an Ernst and Young survey conducted among 230 of the Global 1000 companies—the world's top 1,000 corporates by turnover—which showed that 64 percent had targeted China as their investment location for the future.

While excitement over the vast potential offered by China to companies is undoubted, global strategists in London last week also expressed concern over short-term investment prospects there.

The recent decision by the mainland authorities to begin releasing monetary data has been interpreted by some as an indication of the concern in China for the need to control inflation.

Mr Shambaugh indicated that the job of overhauling the economy now facing the Chinese government was fraught with problems and could have severe social and political consequences.

He said that one of the key issues for the government was the fact that 50 percent of the state sector continued to be propped up by government handouts and that, while constructive economic policy was being pursued by the central authorities, it was not being echoed by the local municipalities and provinces.

The mounting rate of inflation was also a cause of considerable concern, Mr Shambaugh said. Levels were exceeding 27 percent this year, with the effect that rural incomes were declining and urban incomes were not keeping pace with inflation.

This, he said, was giving rise to a build-up of social tension and the establishment of a floating population.

"There are huge internal migration pressures—more than 100 million rural migrants are on the move and crime and corruption are rampant, social stability is breaking down, and demands are being made for greater political liberalisation," he said.

On the political front, he said the most important event looming was the succession of paramount leader Deng Xiaoping, though he felt that in this particular case, there would be a "cohesive and stable succession in China".

"The succession has already taken place, those in power today will be in power when Deng Xiaoping dies.

"While China has tremendous economic and commercial potential, the political risk is much higher—anyone going into China must do his homework and assess the political risk."

Academic Views Model for State Enterprise Reform

HK0711072794 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 7 Nov 94 p 4

["View Point" column by Professor Li Yining of Beijing University's Department of Economics and Management]

[FBIS Transcribed Text] In August 1992, Hong Kong-listed China Strategic Investment teamed up with the State-Owned Assets Management Co in Quanzhou, Fujian province, to run 37 state industrial enterprises under the Quanzhou CSI (Holdings) Co.

This new conglomerate became known as the CSI Model, but it has not met with universal approval.

In the latter part of July this year, I went to Quanzhou to see for myself. I visited some of the joint-venture's factories and spoke with workers.

My impression was that state enterprises which were reformed in this fashion were almost guaranteed success.

However, there are three major criticisms of the CSI Model.

One is that state enterprises using this method "betray their country, humiliate the nation and forfeit China's sovereignty".

Another is that the CSI Model involves "prodigal behaviour that will drain the country's capital and lead to the collapse of the state enterprise system".

The third criticism is that these mergers create huge social problems for the Chinese Government, while the foreign partners stand to benefit greatly.

Chinese workers and the state have to bear the burden for the social problems that result.

But I have come to the conclusion that these three criticisms do not conform to reality.

Everyone knows that the governments of Quanzhou and Fujian province are separate—Quanzhou's government having been elected by the City People's Representative Assembly and the Fujian authority by the Provincial People's Representative Assembly.

Business operations of joint ventures in Quanzhou fall under the supervision of the city and provincial governments, and must also be in accordance with national laws.

Therefore, the CSI Model has nothing to do with betraying one's country or surrendering the nation's sovereignty under humiliating conditions.

How can Sino-foreign enterprises in any part of China which operate within the legal boundaries be seen to be selling out national interests?

It is important to note that before the Quanzhou CSI Holdings Co went into operation, the state enterprises it included were losing money.

Some state-owned enterprises had halted or reduced production, while others were falling further into debt.

If they did not enter a joint venture or receive large infusions of capital from the government, they would have certainly collapsed.

Let us also look at the changes that have taken place since Quanzhou CSI took over:

- The total amount of taxes and real income remitted to the state has increased.
- The pace of technical modernisation is faster. Since the state enterprises received foreign capital they had utilised more modern technology and built new facilities.
- Several new projects are already in operation and others will soon follow. What is more, the products being made are being sold on the domestic market and exported.
- Average wages have gone up. In the past, some state enterprises could not afford to pay their workers while others forced their employees to accept a pay cut. But once they entered joint ventures, average wages rose by more than 30 per cent.
- Quanzhou CSI trained some managers who really understood market economics. When the state-owned enterprises were on their own and losing money, they had no power to achieve this.

The joint-venture partner not only brings in foreign capital, but also management experience and techniques, helping employees become more familiar with international market conditions.

These successes are obvious. Without joint-venture partners, state-owned enterprises will continue losing money, or at best, hobble along. What use is this for the nation, for the state enterprises, or for the employees?

Quanzhou is in the process of evaluating the assets of its enterprises, the results of which have been verified by Beijing accounting agencies.

Some people say if the evaluations are low, the nation will lose money.

Of course, if there were many foreign companies competing for state-enterprise partners, using a public bidding procedure would be best.

But for now, there are not many foreign companies competing, so public bidding is not appropriate.

The bottom line is that if state enterprises fail to enter joint ventures and continue losing money, then that will represent a true drain on the nation's available capital, and a real disintegration of the state enterprise system.

Of course, joint ventures with state enterprises also lead to problems. Retirement benefits, medical care and arrangements for redundant workers all are serious issues that must be handled carefully.

I believe these problems can be resolved smoothly.

Paper Urges Attack on Counterfeit Commodities

HK0711104094 Beijing RENMIN RIBAO in Chinese 2 Nov 94 p 2

[Article by Ye Bolin (0673 2672 2651), chief of supervision and management under the State Bureau of Technology Supervision: "Striking Blows at Counterfeits and Protecting Famous Brands"]

[FBIS Translated Text] Counterfeit and imitation commodities is one of the "hot topics" in China's economic and social life today. There is a variety of counterfeit and imitation commodities, which can be used to imitate other's registered trademarks, ratified products, licensed goods, patented commodities, fine quality products, and even factory name, address, and place of origin. The imitation of famous brand products particularly is the main form and causes the greatest harm. It is the malignant tumor which corrodes the healthy body of famous brands. To implement the famous brand strategy, it is necessary to step up efforts to attack imitation and protect famous brands. This is a realistic and urgent task for China to implement its famous brand strategy at present.

Viewed from the practice of the "attack on counterfeit commodities" over the past two years, almost all the enterprises which produce famous brand goods, have been disturbed by imitations in the course of their expansion and development. At present, the imitations have the following characteristics:

1. There is a large variety and big quantity of counterfeit commodities. There are counterfeit commodities almost everywhere from means of production to daily necessities, from commodities for domestic sale to exports, from ordinary commodities to high-class durable consumer goods, and from daily necessities to high-tech products. The problems of imitation famous brand cigarettes, liquors, and medicines which are profitable, can be easily produced, and which can sell fast, are particularly serious. The tendency of imitation and inferior commodities is now extending to the large commodities and high-tech products, such as the assembly of cars, motorbikes, inferior machine equipment, hi-tech computer software, and computer anti-virus cards. Even laser holographic prevention of counterfeit trademarks is being imitated. Here are a few typical examples: In 1991 the volume of imitation "Sun brand" rice crust totaled 150 million yuan. In 1992 the public health departments found more than 90 varieties of 17,000 fake medicines, which weighed 320,000 kg and were valued at over 300 million yuan.

2. The regional "production, supply, and marketing" of counterfeit goods. The illegal activities are mobile and covered up. Production of counterfeit goods in some localities has developed to a considerable scale. Some have even become "specialized villages," "distribution centers," and "dens." There are also supplies of warehouses, bank accounts, and transportation services. Obviously, these are organized criminal activities which have the ability to reproduce and expand. Because of the severe attack at home, a considerable number of the activities of making counterfeit goods have developed to collaboration with people outside the borders, producing the goods abroad, and smuggling the goods back to the domestic market. People term these "smuggled counterfeit commodities."

3. The increase in the number of major and vicious cases and the rise in law violations. According to statistics by the Supreme Procuratorate, a total of 4,682 counterfeit and imitation trademark cases were received last year, 3,090 were filed for investigation and prosecution, and 1,821 were wound up, of which 42 involved over 1 million yuan each, an increase of 332 percent over the previous year.

Viewed from the cases handled, the famous brand commodities which are the target of imitation, are the fine quality and marketable goods which are well received by the vast numbers of consumers and which enjoy a reputation on the domestic and international markets. The titles of famous brands are obtained through long-term arduous labor. A considerable number of them are the pick of China's products and the gems of the country. However, the large numbers of counterfeit and imitation goods have damaged the reputation of these enterprises, seriously undermined the normal enterprise operations, and disrupted the order of the socialist market economy. As the offenders have adopted the abnormal means of offering high "commission" and "profits," making it very difficult for the genuine commodities to contend with the fake ones and for the goods ones to contend with the inferior ones, the famous brand products are thrown into warehouses and kicked out of the market. Consequently, the enterprises are badly battered, the consumers do not know how to distinguish the genuine from fake commodities, the reputations of famous brands suffers disastrous declines, and the state loses large amounts of taxes and profits.

The purpose of attacking the counterfeit and imitation commodities is to create a market environment for just, fair, open, and equal competition for large numbers of new famous, quality, and special products. To have a foothold in the family of world nations, a country must have large numbers of world acknowledged first-class famous brand products. The drive to attack counterfeit and imitation products and protect famous brands conforms with popular will and will benefit this, as well as future, generations. It is the common objective and duty of the entire society. On the one hand, we must rely on the broad ranks of the masses; and on the other hand, we

must give full play to the overall effectiveness of the main force responsible for "attacking counterfeit goods" and fight a people's war in protecting famous brands. We often say that consumer is god. We must strive to increase the sense of law and quality of the consumers, mobilizing the entire society to take an active part in the attack on counterfeit and imitation goods so that these goods are condemned by the consumers and have no place to hide. The technical supervisory, industrial and commercial administrative, public security, and procuratorial organs all form the main force at the front line responsible for attacking counterfeit and imitation goods. They should cooperate with each other, take joint action, properly organize the law enforcement organs to step up the attack on counterfeit goods, comprehensively investigate the major cases, smash the dens, rectify the market, screen the counters, improve the supervisory network, and eventually establish a mechanism for eliminating the production and sales of counterfeit and imitation commodities.

Foreign Applications for Patents Increasing

HK0611080294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Nov 94 p 1

[By Lu Hongyong: "New Process For Patent Application"]

[FBIS Transcribed Text] More foreign inventors are applying for patents in China as the country beefs up patent protection legislation, teams up with global intellectual property protection institutions and lifts government control to put patent filing in the hands of freelance patent agents.

By the end of September, 6,996 patents were filed from abroad to Chinese patent agencies, up more than 12 per cent over the same period last year.

The figure represents 12.4 per cent of all patent applications registered with China's six major patent agent firms.

This follows China's entry into the Patent Co-operation Treaty (PCT) in January last year to get in step with international patent protection.

The World Intellectual Property Organization (Wipo) reported that one-third of countries which registered with Wipo for patent protection this year have sought to have their patents applied in China.

About 79 per cent of overseas applications this year in China are for patents on inventions, with only 3.5 per cent for utility models—patents on marketable products—and 17.5 per cent for design patents.

Of the 50 countries and regions applying for patents in China, Japan led the way with more than 2,000 filings. Of applications from other regions, Taiwan was the most frequent, filing more than 3,000 patent applications, primarily for less sophisticated inventions.

Following the founding of China Patent Agent (Hong Kong) in 1984, six major patent firms dealing with overseas applications have opened in China.

Government control over intellectual property protection is split among three departments: the Patent Office, the National Copyright Administration and the Trademark Office under the State Administration for Industry and Commerce.

For the time being, the Patent Office still retains the power to control the opening of patent agencies. Business consolidation among patent agencies and the certifying of patent agents have been left to the All-China Patent Agents Association.

According to the regulation on patent agents revised by the State Council in 1991, candidates have to pass proficiency tests and work for a patent agency before they can become certified patent agents.

Candidates must also have scientific know-how to be able to handle the complicated information in patent documents.

Altogether, 1,900 candidates sat for this year's patent agents examination. Since China made the examination public in 1992, more than 5,600 people have passed the exam, of whom 3,500 have been licensed to work as patent agents.

Provinces Drafting Farm Mechanization Regulations

OW0411125594 Beijing XINHUA in English 1024
GMT 4 Nov 94

[FBIS Transcribed Text] Jinan, November 4 (XINHUA)—Farm machines are in great demand across rural China with the popularization of farm mechanization in recent years.

But there is a radical change in the market over the past few years.

Before 1979, main buyers of farm machinery were state- or collectively-owned enterprises, which can make proper use of these machines on large tracts of land.

With the institution of the household-based contract responsibility system, a great number of farm households have bought small farm tools for private use.

Some families have formed partnerships in buying heavy-duty machinery and began to offer specialized services in ploughing, seeding, weeding, harvesting and threshing.

Statistics from east China's Shandong Province showed, 90 percent of the 720,000 tractors and 90 percent of the 1.05 million auxiliary equipment are privately owned.

Governments in many provinces adjusted policies on the management of farm machinery.

It was reported that Shanxi and Heilongjiang provinces promulgated regulations on farm machinery management this year. Shandong Province has put the drafting of regulations in this respect on top of its agenda. Many other provinces and autonomous regions will follow suit.

The department in charge of national administration of farm machinery has set new standards on the country's farm mechanization with the aim to improve services.

So far, a socialized service network has taken shape across rural China with villages and townships as the basis.

Sales of farm tools showed a wonderful increase owing to the improved service.

An official from the Ministry of Agriculture revealed the national sale's volume of farm machinery in 1993 totalled 92.4 billion yuan (10.9 billion U.S. dollars), 16.8 billion yuan (1.98 billion U.S. dollars) over the previous year's figure.

Last year, the power of farm machinery in China raised by 9.8 percent compared with the figure in 1990, the total power of irrigation machine tools went up by 11.2 percent, the power of harvesters increased by 42 percent. The area ploughed by tractors has been expanded by 7.9 percent.

Ministry Experts on Increasing Grain Production

OW0511112294 Beijing XINHUA in English 1052
GMT 5 Nov 94

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—China can increase its grain production by 100 billion kg by improving all its medium- and low-yield farmland nationwide, according to experts at the Ministry of Agriculture.

A recent survey done by the ministry's Administrative Department of Farm Resources has shown that China has great potential for the development of low-yield farmland, paddy fields and forest land, rather than reclaiming wasteland and barren hills.

The survey has proved that China now has over 874.66 million ha of medium- and low-yield farmland, occupying 71.26 percent of the total cultivated land, according to the "FARMERS' DAILY".

Low-yield garden plots take up 2.185 million ha, 28.95 percent of the total, low-yield forest land accounts for 31.642 million ha, 25.67 percent of the total, and low-yield waterlogged areas cover 3.158 million ha, 71.85 percent of the total.

The country now has over 686.66 million ha of wasteland, barren hills and waste polders, mainly in northeast, northwest and southwest China.

Of the 686.66 million ha, some 9.466 million ha are suitable for reclamation to grow grain, cotton and oil-bearing crops, and 6.79 percent, suitable for the development of tea bushes, and mulberry and fruit trees.

Some 28.2 million ha are suitable for tree planting.

The country now has waste waterlogged areas totalling 1.896 million ha.

The experts held that improving low-yield farmland should be the main way for China to increase production of grain, cotton and oil-bearing crops.

At the same time, they said, development of waste land, waterlogged areas and barren hills should also be done in a planned way in a bid to compensate for the shortage of cultivated land in the country.

If the country can reclaim 3.333 million ha of wasteland by the end of the century the grain production could be increased by 10 million kg each year, they assured.

East Region

Anhui Improves Agricultural Technology

OW0611143794 Beijing XINHUA in English 1409
GMT 6 Nov 94

[FBIS Transcribed Text] Hefei, November 6 (XINHUA)—Four major agricultural projects are now under way in east China's Anhui Province, a major agricultural producer of the country.

Provincial authorities said that efforts are being made to raise the single mu (15 mu equals to one hectare) wheat output by 50 kilograms on two million ha land on the Huaibei Plain and improve wheat quality in three years from now on.

The second program is set to introduce dry-land-growing and sparsely-planting technology for rice aimed to increase the output.

The third is a two-year program targeted to expand the high-yield, fine-quality cotton growing technology to two million mu, with single mu output reaching 60 kilograms, also on the Huaibei Plain.

The fourth is a five-year-plan aiming to increase the number of cattle raised in areas along and to the north of the Huaihe river to 10 million heads, forming an advanced large cattle-raising and beef processing center.

The authorities said that the province has always been stressing the use of technology in improving agriculture in recent years.

Last year, as a result of the application of new technology, the unit output of grain, cotton, oil bearing crops and aquatic products grew respectively to 294 kilograms, 53 kilograms, 105 kilograms and 45 kilograms, a growth rate of 10.5 percent, 26.2 percent, 18 percent, and 12.5 percent, over 1992, the authorities added.

Paper Interviews Jiangsu Party Secretary

OW0611110994 Shanghai JIEFANG RIBAO in Chinese
25 Oct 94 pp 1,5

[Report by JIEFANG RIBAO reporters Mao Yongxiong (3029 3938 7160) and Di Wutong (4574 0063 0681) on interview with Chen Huanyou, secretary of the Jiangsu Provincial CPC Committee, by Ding Ximan (0002 6932 3341), chief editor of JIEFANG RIBAO; place and date of interview not given: "Press Forward To Reach the Goal of Leading a Comparatively Comfortable Life Ahead of Time"—JIEFANG RIBAO headline]

[FBIS Translated Text] Since the convening of the Third Plenary Session of the 11th CPC Central Committee, Jiangsu has quadrupled its GNP seven years ahead of schedule. Its overall economic strength again reached new heights this year. In the first nine months of this year, the province's industry output value, financial revenues, export amount, and actual investment amount

increased 24.8 percent, 41.6 percent, 38.6 percent, and 47 percent, respectively, more than the same period last year. Despite a major natural disaster, the province still reaped a relatively good harvest. The above information was revealed by Chen Huanyou, secretary of the Jiangsu Provincial CPC Committee, to Ding Ximan, this paper's chief editor, when the latter interviewed him recently.

While stopping by Nanjing en route back to Beijing after concluding his south China tour in 1992, Comrade Deng Xiaoping suggested that "Jiangsu opt for an economic growth rate higher than the nation's average." Jiangsu has lately been preparing for calling the province's ninth party congress to study goals and strategic measures for its next stage of development. Jiangsu is also stepping up efforts to formulate its "ninth five-year plan."

Chen Huanyou said in response to the demands set forth by Comrade Deng Xiaoping and in line with the guidelines worked out at the Third Plenary Session of the 14th CPC Central Committee, Jiangsu has set out to fulfill two major goals by the end of this century. The first goal is to use about five years' time to establish a basic framework for a socialist market economic system. The second goal is to realize a six-fold increase in Jiangsu's GNP, to reach new heights in overall economic quality and strength, and to enable all of the people in the province to lead a relatively comfortable life at an early date. The goals are: first, to enable all of the people in every county of the province to enjoy a relatively comfortable life; and second, to attain the overall target as well as to reach individual targets that will lead the people to enjoy a relatively comfortable life.

He said that two obvious traits marked Jiangsu's early reform process. First, Jiangsu was quite early in recognizing the role of market forces; second, Jiangsu's grass-roots units evinced great enthusiasm in exploring reform methods. In the future, Jiangsu will adopt the approach of seeking all-round advancement by achieving breakthroughs in some areas and by accelerating the establishment of a market economic system. It will treat the deepening of enterprise reform as the focal point of structural economic reform; use three to five years' time to basically establish enterprises' competition, encouragement, restraint, and risk mechanisms and to also fundamentally set up a modern enterprise system characterized by a clear definition of property rights, by a clear distinction between power and responsibility, by the separation of the functions of government from those of enterprises, and by scientific management. Jiangsu will continue to reform the macroeconomic regulation and control structure and to prompt governments to change functions. At the same time, it will establish various market systems, with emphasis placed on establishing a market for important means of production, reform of the social security and housing systems, and comprehensively establish other new systems.

Chen Huanyou mainly discussed Jiangsu's opening up to the outside world when he was asked about Jiangsu's

reform and about the line of thinking on development. He recalled with great pleasure Jiangsu's seizing the opportunity following the CPC Central Committee's decision on opening up Shanghai's Pudong and Jiangsu's development of an export-oriented economy. In 1990, the Jiangsu Provincial CPC Committee and Provincial Government, following serious study, decided to adopt the approach and policy of "giving resolute support, providing voluntary services, welcoming the beneficial effect, and promoting the opening up and development of Pudong." Chen Huanyou, the then provincial governor, headed a delegation whose members included mayors from 11 cities and persons in charge of provincial-level organs and relevant departments to Shanghai for inspection. Following that, Jiangsu, particularly those coastal areas that embraced an export-driven economy, have experienced unprecedented momentum of development. Chen Huanyou stated that conditions permitting, it is essential to expand opening up and promote exports. If conditions do not allow for accelerated development, then one must create them. No risk will be incurred if one adopts that approach. He said that an open Jiangsu would open wider to the outside world; further develop an export-driven economy to a greater degree, to more areas, and to a higher level; internationalize Jiangsu's economy; seek a gradual integration of the domestic and foreign markets; and bring about economic management and economic operation closer to those now practiced in foreign countries.

Chen Huanyou said persistent efforts to readjust the economic structure are the key to promoting the further and more coordinated development of Jiangsu's economy. The purpose of readjustment is to make the economy grow bigger, to run the economy more efficiently, to make the economy more export-oriented, and to optimize the economic structure. Special efforts will be made to develop the heavy chemical and new and high-technology industries in a bid to fundamentally improve Jiangsu's industrial structure. New and high-technology will be introduced to retool traditional industries, to accelerate the renovation of equipment, and to raise product quality. It is hoped that a number of old enterprises will be given a new lease on life with the infusion of foreign capital and the introduction of international advanced technologies. Chen Huanyou noted that there are very few state-invested major projects in Jiangsu. He said Jiangsu pays attention to inventory control and employs reform methods to support the development of blue-chip enterprises in the expectation that they will produce a chain-reaction effect on a number of small and medium-sized enterprises to form big consortiums and to develop a large-scale economy. Jiangsu now produces many popular products. For instance, the sales of Cygnet brand washing machines and Chunlian brand air conditioners come to an amount exceeding several hundred million yuan to several billion yuan. Jiangsu will continue to exert efforts to develop such popular products in the future.

Chen Huanyou particularly stressed a very important condition for realizing an six-fold increase in the gross provincial product for Jiangsu and for building up a reserve force for the long-term development of Jiangsu by the end of this century. That important condition, he pointed out, is to consolidate and enhance the agricultural foundation and to do an even better job in infrastructural construction. Jiangsu will always give top priority to agriculture in its economic work and promote all-around rural economic development. In addition to stabilizing grain, cotton, and oil-bearing crop production, Jiangsu will also strive to do a good job in two areas. One is to develop land on a moderate scale and to promote specialized agricultural production in south Jiangsu. As conditions are favorable for developing a large scale-operation in south Jiangsu's economically developed areas, Jiangsu will make the best use of the favorable conditions to modernize agriculture, to industrialize the countryside, and to help realize a new and historical breakthrough in south Jiangsu's rural areas. Another is to stress diversified operations in north Jiangsu. Chen Huanyou said weak infrastructure and basic industry constitute a "bottleneck" to the development of the economy. In the next few years, the provincial CPC committee and provincial government, fund shortages notwithstanding, will mobilize the entire province and devote great efforts to engaging in infrastructural construction and in building up basic industry. The province has decided on the following key and backbone projects. They are the Shanghai-Nanjing Highway, the Nanjing-Nantong and Nanjing-Lianyungang first-grade highways, the Jiangyin section of the Changjiang Bridge, the new Nanjing airport, and the Xinchang Railway. Highway construction projects are now proceeding smoothly. Construction of the Jiangyin Bridge and the new Nanjing airport are about to begin. In the next few years, Jiangsu will concentrate efforts on the above-mentioned key projects and work out plans for other new infrastructural projects. This is aimed at fundamentally changing the situation in the delay in infrastructural construction.

Comrade Chen Huanyou said although difficulties lie ahead in realizing new targets, the people in Jiangsu are full of confidence and will persist in pursuing the strategy of "using science and education to rejuvenate the province" in line with the above-mentioned line of thinking. Jiangsu is committed to carrying out the policy of "promoting the reform and opening drive on one hand and cracking down on severe crimes on the other," and to genuinely enhancing party building and spiritual-civilization building. People in Jiangsu will foster a pioneering spirit, be enterprising, work in a down-to-earth manner, and strive to build Jiangsu into a province where they have "built a thriving economy, advanced scientific and educational facilities, enjoy the fruits of a civilized society, and live a comparatively well-off life" by the end of this century.

In conclusion, Secretary Chen Huanyou expressed thanks to JIEFANG RIBAO for having carried many

reports on Jiangsu's reform, opening up, and economic and social development and for having supported Jiangsu in various areas. He hoped that JIEFANG RIBAO will become a "bridge" for friendly exchanges between Jiangsu and Shanghai. He also wished for the continued success of JIEFANG RIBAO.

Jiangsu Allows Foreign Business Conglomerates

OW0611054194 Beijing XINHUA in English 0302
GMT 6 Nov 94

[FBIS Transcribed Text] Nanjing, November 6 (XINHUA)—With the approval from the State Administration for Industry and Commerce, east China's Jiangsu Province has decided to allow foreign businesses to form conglomerations.

According to the new policy, foreign investors which have set up at least five enterprises (including joint ventures) in the country, among which at least three must be in the province, and have registered over 10 million U.S. dollars of investment, can submit their applications to the local administration for industry and commerce to establish conglomerations.

Foreign investors can either choose a major enterprise, or establish a new one, as the core of the conglomeration.

The application must be handed in by the core enterprise and be finally approved by the State Administration for Industry and Commerce.

Jiangxi Governor Hails Socialism, Patriotism

HK0711100094 Nanchang JIANGXI RIBAO in Chinese
21 Sep 94 p 1

[Article by Wu Guanzheng (0702 1351 2973): "Hoisting a Great Banner of Integrating Socialism With Patriotism"—"This article is excerpted from the 'Theory of Building Socialism With Chinese Characteristics' written by Comrade Wu Guanzheng while he was studying at the Central Party School in October 1993"]

[FBIS Translated Text] Comrade Deng Xiaoping is an outstanding Marxist, and he is also a great patriot. He has always upheld Marxism, and has constantly enriched and developed Marxism in the course of practice. He ardently loves our motherland and our people. Everything he does is aimed at making China prosperous and powerful, the Chinese people well-to-do, and the Chinese nation rejuvenated.

In the theory of building socialism with Chinese characteristics, socialism and patriotism run in complete harmony and are closely related to each other. Deng has always held that "only socialism can save China, and only socialism can develop China." Proceeding from the destiny of the country and nation, he has chosen the path for China's development, and has unswervingly led the Chinese people to take the socialist road. He also constantly emphasized that "the task of socialism is to develop the socialist productive forces and strengthen

the power of the socialist country," and that in dealing with foreign affairs we should "chiefly proceed from the strategic interests of our own country." He longs for the early reunification of the motherland and national regeneration. In Volume 3 of *Selected Works of Deng Xiaoping*, patriotism is both the starting point and end-result of building socialism with Chinese characteristics, and patriotism and socialism promote each other. Just as Comrade Xiaoping pointed out, "the Chinese people have their own national self-esteem and national pride. They regard it as the greatest glory to love the motherland and contribute all their strength to building the socialist motherland, and they regard it as the ultimate shame to damage the interests, dignity, and honor of the socialist motherland." Patriotism is the fine tradition and spiritual force of the Chinese nation. It lies in the whole nation and is cherished as a treasure deep in the heart of every Chinese.

In order to unite and mobilize the masses in their hundreds of millions into the glorious cause of building socialism with Chinese characteristics, it is necessary to carry forward the patriotic spirit of placing the interests of motherland above everything else, to reinforce national self-esteem and self-confidence, and to heighten the people's sense of mission and urgency to rejuvenate the Chinese nation. Comrade Xiaoping has always held aloft the great banner of socialism and patriotism, and has always called for the establishment of a revolutionary and patriotic united front on the basis of consolidating and developing socialism and patriotism so as to unite all patriots who support socialism and the reunification of the motherland, and jointly open up a new situation in China's socialist modernization drive. Deng Xiaoping's theory of building socialism with Chinese characteristics has hoisted a great banner of integrating socialism with patriotism. Under the guidance of this banner, millions upon millions of Chinese will be united to strive for the rejuvenation of the Chinese nation and the victory of socialism.

Shandong Pornography Crackdown Yields 'Results'

SK0611062894 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 5 Nov 94

[FBIS Translated Text] According to a dispatch by station reporter (Zhang Qian) regarding the provincial press briefing held in the Nanjiao Guest House on the afternoon of 5 November to disclose the province's results in cracking down on pornography and dealing blows to illegal acts, the province as a whole dealt better with the problems occurring among 21 key localities during the drive launched in the August-September period this year. It cracked down on more than 50 important cases and apprehended more than 60 criminal elements. It confiscated and burnt more than 6.2 million books and periodicals that were illegally published and that contained harmful contents, and confiscated and burnt more than 15,000 video and audio tapes that were

illegally produced or imported through smuggling. Although the province has achieved marked success in cracking down on pornography and dealing blows to illegal acts, the situation facing the province in this regard is still quite severe. In response, the provincial party committee and the provincial people's government have decided to launch a concentrated campaign this November throughout the province to crack down on pornography and deal blows to illegal acts. The campaign is aimed at successfully dealing with the problems occurring among key localities, at successfully investigating and handling serious and appalling cases, at consolidating the publication of books and periodicals as well as printing, at clearing up and consolidating the wholesale channel of publications, and at successfully improving or implementing managerial systems in this regard.

During the press briefing, the punishment imposed on five publishing houses, including the YUEJIANREN-JIAN magazine, on charges of violating regulations on the management of press and publication, was announced.

Zhejiang Secretary on Appointees' Performance

OW0611121394 Hangzhou Zhejiang People's Radio
Network in Mandarin 1000 GMT 4 Nov 94

[From the "Provincial News Hookup" program]

[FBIS Translated Text] The Zhejiang Provincial People's Congress Standing Committee held its 14th session in Hangzhou today. The meeting's agenda is to examine the performance reports submitted by directors of the provincial bureau of industry and commerce and the provincial land management bureau who were appointed by the provincial people's congress standing committee.

This morning, the meeting heard the reports given respectively by Jin Lianqing, director of the provincial bureau of industry and commerce, and Wu Wenqin, director of the provincial land management bureau, about the execution of their administrative duties, their staffs' ethical conduct, and the problems that have to be resolved.

In the afternoon, members of the provincial people's congress standing committee began to examine the two directors' reports.

Addressing the meeting, Li Zemin, secretary of the provincial party committee and chairman of the provincial people's congress standing committee, said: The provincial people's congress standing committee is carrying out its constitutional and lawful responsibility in examining the performance of cadres it has appointed. This is a serious, positive, and important assignment. Cadres appointed by the people's congress should properly approach the examination as an important matter as strengthening socialist democracy and law and following through with the guidelines laid down by the 14th

Plenary Session of the Fourth CPC Central Committee, and voluntarily subject themselves to the people's congress' supervision. Comrades of the people's congress should intensify their supervision and be good at exercising supervision. While exercising its lawful supervision over its appointees' performance in enforcing laws and in carrying out their responsibilities, the provincial people's congress should pay attention to helping its appointees sum up their experiences, improve their performance, and be more efficient in enforcing laws.

Li Zemin urged party committees at all levels to provide stronger leadership over people's congress standing committees' examination of their appointees' performance. He said party committees' organization and discipline inspection departments should actively support people's congresses in examining their appointees' performance so that the examination will gradually become institutionalized.

Xu Xingguan, executive vice chairman of the provincial people's congress standing committee, chaired the session. Yang Bin, Li Debao, Zheng Shu, and Mao Zhaoxi, other vice chairmen of the provincial people's congress standing committee, attended the session.

Attending the session as observers were persons in charge of the provincial people's government, the higher provincial people's court, and the provincial people's procuratorate; some deputies to the provincial people's congress and the National People's Congress; officials the eighth provincial people's congress standing committee appointed to work at various departments, bureaus, committees and offices of the provincial people's government; and persons in charge of the provincial discipline inspection commission and various other departments.

Zhejiang Enterprises Stress Technical Innovation

OW0611053894 Beijing XINHUA in English 0335
GMT 6 Nov 94

[FBIS Transcribed Text] Hangzhou, November 6 (XINHUA)—East China's Zhejiang Province has seen a 26 percent rise in its total industrial output in the first half of this year, compared with the same 1993 period.

Officials from the provincial statistics bureau said that the province gained a total industrial output value of 143.2 billion yuan (about 16.6 billion U.S. dollars) during the period, with a profit of 10.54 billion yuan (some 1.2 billion U.S. dollars).

And more than 3,000 new products are added annually in this province.

Local officials attributed the economic growth to enhanced efforts in technical innovation of local enterprises.

They said that the province had invested 3 billion yuan (348 million dollars) in the silk industry during the seventh "five-year" plan period (1986-1990) for technical upgrading.

Some 130 upgrading projects in the industry of this province are undertaken, they said.

The Hanzhou Silk Mill, for example, has introduced 100 water-jet looms to produce high-quality pure silk and chemical fabrics.

It has created a profit of two million yuan (about 232,000 dollars) from manufacturing polyester silk fabrics alone.

They said that from 1991 to 1993 an investment of 28 billion yuan (about 3.2 billion dollars) were put into the technical innovation in Zhejiang's enterprises.

And one billion U.S. dollars were used by the local government to introduce high technologies.

Meanwhile, over 14,000 projects covering light industry, chemical industry and the industries of silk, textile, machinery and electronics have gone into operation.

This year some 5,000 new technical upgrading projects are going into operation.

The province is also paying very much attention to promoting the use of scientific research achievements and introduce foreign funds and technologies to help domestic enterprises.

A number of backbone enterprises involving high technology have been set up there.

The Hanzhou Oxygen Plant Group Corporation, the first of its sort in the country, invested a total 113 million yuan in technical upgrading.

Depending on domestic and overseas markets, the factory increased its annual business volume by one hundred million yuan (about 11.6 million U.S. dollars) in 1992 and 1993.

Between January and August this year, the volume reached 265 million yuan (30 million U.S. dollars), a 51 percent rise over the same period last year.

Zhejiang Expects Large Late Rice Harvest

*OW0611154394 Beijing XINHUA in English 1515
GMT 6 Nov 94*

[FBIS Transcribed Text] Hangzhou, November 6 (XINHUA)—East China's Zhejiang Province is expected to reap a second biggest late rice harvest in five years, despite unprecedented floods and drought earlier this year and a decline in rice-growing acreage.

According to estimates by the provincial agricultural department, per ha yield is likely to top 6,000 kg and total yields will exceed last year's.

Incomplete statistics show that high-yielding late rice seeds have been sown in more than 95 percent of the province's rice-growing areas and advanced agro-techniques have been applied to record large areas.

Typhoon Fred, which swept 11 prefectures and cities of Zhejiang in August, might have cut the province's rice output by several billions of kg, in addition to causing a direct economic loss of more than 10 billion yuan (1.15 billion U.S. dollars), a provincial official said.

Central-South Region

Hubei Ethnic Minority People Overcome Poverty

*OW0611143594 Beijing XINHUA in English 1352
GMT 6 Nov 94*

[FBIS Transcribed Text] Wuhan, November 6 (XINHUA)—A total of 1.7 million minority people in China's youngest autonomous prefecture have cast off poverty thanks to a help-the-poor project in recent years.

The Enshi Autonomous Prefecture, established in 1983, has a population of three million Tujia and Miao minority people. As one quarter of the rural population live in frigid highland with an elevation of 1,200 meters, the region was poor and underdeveloped.

By the time the prefecture was founded, 2.1 million people lived below the poverty line with annual income of less than 200 yuan and 461 farm households still lived in damp caves.

In 1985, the central and local governments as well farmers set up a fund of 19 million yuan to help people alleviate poverty.

With the fund, local people introduced the technique of plastic-sheeting to raise the per unit output of maize.

So far, the areas covered with plastic sheets in the prefecture have expanded to 26,600 ha, 5.7 times the 1984 figure. And the output of maize cultivated with the new technique soared to 120 million kg, 5.7 times of the previous figure.

The prefecture's total grain output also increased from 669 million kg in 1983 to last year's 1.2 billion kg.

As a result, the per capita grain possessing in the prefecture has risen to 350 kg a year, reaching the lowest possible level for living.

Five Receive Prison Terms for Hubei Ferry Accident

*OW0411030994 Beijing XINHUA in English 0221
GMT 4 Nov 94*

[FBIS Transcribed Text] Yichang, November 4 (XINHUA)—Five people have been convicted of negligence and sentenced to prison terms in connection with the July 9 ferry accident in central China's Hubei Province.

The accident left 49 people dead and one missing when a crowded bus rolled off a Chang Jiang River ferry.

The local intermediate people's court sentenced Xiang Caixuan, driver of the passenger bus, to seven years in

jail. Zhang Zhongyi and Yao Xiaobo, crewmen of the ferryboat, were sentenced to five and three years in jail, respectively.

Also sentenced were Zhu Yaoyuan, captain of the ferryboat, and Li Yulin, director of the ferry company.

They were given two years in prison and two years on probation.

The bus was carrying 83 passengers, 43 more than its capacity. While it was on the ferry Xiang got off, illegally leaving all the passengers still in it. In addition, all the necessary precautions to prevent the bus rolling had been neglected.

The bus slid off the ferry and into the Chang Jiang River.

New Oilfields Discovered in Hunan Province

OW0511021294 Beijing XINHUA in English 0112
GMT 5 Nov 94

[FBIS Transcribed Text] Changsha, November 5 (XINHUA)—A new oil and natural gas field has been found recently in Sangzhi county, close to the state forest park in western Hunan Province.

According to oil experts, the oil and gas resources discovered in this county are not only abundant, but also located in good geographical conditions.

The already verified oil and gas reserves in Siwangshan area alone amount to 107.2 billion cubic meters. More are expected to be verified, the experts said.

Xie Fei Speech at Guangdong Party Committee Session

HK0411121594 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 3 Nov 94

[FBIS Translated Text] On 8 October, Xie Fei, member of the CPC Central Political Bureau and secretary of the Guangdong Provincial CPC Committee, set forth the grand program for building the Zhu Jiang Delta Economic Zone in his speech at the Third Plenary Session of the Seventh Provincial CPC Committee. The development of the Zhu Jiang Delta Economic Zone is a strategic plan of great historical significance in the process of this province's modernization. This will certainly greatly encourage and inspire the entire people of Guangdong, especially the vast number of cadres and the masses in the Zhu Jiang Delta area, to advance with giant strides along the course of modernization and to make more brilliant achievements, thus adding more splendor to the cause of building socialism with Chinese characteristics. Here, we broadcast the full text of Xie Fei's speech on this subject as follows.

To achieve the objective of modernization, Guangdong should advance at every level and in all fields. The seventh provincial congress set forth the principle of guiding development in the Zhu Jiang Delta area and in the mountainous areas as well as developing in the

eastern part and in the western part of the province by setting different requirements and working out different development strategies in the light of their different conditions. This is an important strategic arrangement for Guangdong's modernization. In the process of catching up with the four little dragons in Asia, the Zhu Jiang Delta area will play a leading role in the whole province. At a working meeting of the provincial party committee in July this year, I mentioned that the Zhu Jiang Delta area should become a large economic zone first realizing modernization in Guangdong. At a meeting of the provincial party committee standing committee on 12 and 13 September and at another meeting of the provincial party committee standing committee on 24 September, we discussed this issue twice. The provincial party committee holds that the Zhu Jiang Delta area not only should but also can achieve this objective. At present, this area has formed a cluster of cities that are linked together and adjacent to each other. The area of the delta zone is 41,596 square kilometers. In 1993, the population there was 20.56 million people. The gross domestic product [GDP] there was 265 billion yuan, per capita GDP was 11,017 yuan. If modernization is first realized in this area, this will certainly produce a great, positive impact on the development of other areas, especially the mountainous areas in Guangdong, and will also play a great inspiring, assisting, influential, and supporting role. The political and economic significance in the process of China's modernization cannot be underestimated either.

At present, we should mainly resolve five issues. First, economic development must give prominence to high product quality, high technological levels, and high economic efficiency as a zone for high-tech and new-tech industries. Second, there should be well-coordinated distribution of the primary, secondary, and tertiary industries in this zone, and the division of work should be properly arranged so that comprehensive advantages can be created. Third, a complete set of modern expressway networks, airports, maritime ports, and communications networks should be built in this area according to the standards of a modern metropolis and a large economic zone with the integration of urban and rural areas. Effective measures should be adopted to ensure the smooth operation of inlets and outlets. Fourth, in the light of the requirements of the market economy, a new industrial management structure should be set up, and the limitations of the administrative areas should be broken. Various localities should not create their own small and comprehensive development patterns; instead, they should join hands in building a large and comprehensive economic zone so that the advantages of the regional economy can be brought into play. Fifth, in the course of economic development, the Zhu Jiang Delta area should not only give full play to its local advantages, it should also develop economic cooperation throughout the Zhu Jiang valley so that local advantages can complement each other and common development can be brought about in a larger area. It is necessary to

develop closer economic ties with other provinces and municipalities and to develop closer economic ties with Hong Kong, Macao, and Taiwan. Thus, the provincial authorities should strengthen their functions of planning, organization, coordination, and guidance.

The provincial party committee and the provincial government have decided to set up a leading group headed by Comrade Zhang Gaoli to take charge of this work with the participation of leaders of various relevant departments. A crack work team will perform the day-to-day functions and handle concrete affairs in this regard. Experts in all fields will be organized to carry out feasibility studies and to participate in planning the projects. The provincial departments concerned should adapt their work style and thinking to the new task, break the old conventions, and take the initiative in offering services. The cities and counties in the delta area have a strong sense of competition. This is a good thing. However, they should also give more consideration to the interests of the whole, pay more attention to cooperation in a large region, and make historic contributions to the entire province's modernization.

Guangdong Winter Conscription Starts 5 November

HK0711103194 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 5 Nov 94

[FBIS Translated Text] In Guangzhou this afternoon, the provincial government conscription office held a news briefing on 1994 winter conscription, during which the contents and requirements of propaganda and education on this winter's conscription in the province were announced, thus formally starting Guangdong's conscription work.

At the meeting, Major General Liu Yuanjie, political commissar of the Guangdong Provincial Military District, hoped that farsighted young people would join the Armed Forces to train themselves and contribute their wisdom and talents to national defense construction.

Guangxi Leaders Interviewed on Reform, Infrastructure

HK071110594 Hong Kong WEN WEI PO in Chinese 17 Sep 94 p 2

["Heads of Region, Province and Municipality on Reform" column by staff reporters Wu Taiji (0702 3141 1015), Zhong Wenyi (6988 5113 0001) and Liu Chong (0491 0394): "Secretary Zhao Fulin and Chairman Cheng Kejie Interviewed on Reform of the Enterprise Shareholding System in Guangxi and on Raising 40 Billion Yuan for Infrastructure"]

[FBIS Translated Text] Nanning, 16 Sep—Some days ago, Zhao Fulin, secretary of the Guangxi Autonomous Regional CPC Committee, and Cheng Kejie, chairman of the regional government, were interviewed by our reporters. When providing a briefing on the major

reform plan in Guangxi this year, Zhao stressed the need to make great efforts to realize three shifts: To shift from the previous practice of paying particular attention to breaking the old structures toward the setting up of new structures this year; to shift from the previous practice of emphasizing advance thorough single-item reforms toward advancing through comprehensive, coordinated reforms; and to shift from the previous practice of relying on policies to promote reform toward relying on laws to promote reform and expediting economic legislation.

According to Zhao, in the drive to restructure state-owned enterprises, Guangxi will attach importance to the definition and division of property rights, and to the development of the shareholding system, and will vigorously explore ways to establish a modern enterprise system. This year, the newly formed stock enterprises in Guangxi have numbered 100, with a total capital of 2.6 billion yuan. The transformation into the shareholding system has gone smoothly throughout Guangxi, except in Wuzhou and some other places where natural calamities have somewhat slowed the process.

Zhao pointed out that it is necessary to vigorously and steadily push forward with the restructuring work within state-owned enterprises by striving to establish the shareholding system, and to explore specific approaches for the state-owned enterprises to reform their structures and to shift away from the old system. From the beginning of last year to the end of June this year, 275 enterprises had established the shareholding system, with a total capital stock of 13.6 billion yuan, and 171 of these enterprises are limited-liability companies. In Guangxi as a whole, 115 large- and medium-sized enterprises have been transformed into limited-liability companies, accounting for 20 percent of all the enterprises in these two categories.

According to Zhao's briefing, this year 30 large- and medium-sized state-owned enterprises in Guangxi, which have conditions that are considered mature, have been selected as experimental units for the establishment of the modern enterprise system. In addition, small state-owned enterprises are required to be turned into the cooperative stock system, group by group.

Over the past few years, the vigorous expansion of the collective, private, and individual economies, and of foreign-funded enterprises has given rise to rapid economic development in Guangxi. Zhao stressed that this remarkable achievement will not be attained without the adjustment of the economic ownership structure.

Since 1990, the town and township enterprises in Guangxi have been expanding vehemently, standing in the forefront of the country in terms of rate. The output value of town and township enterprises in 1993 was 70 billion yuan, and is expected to reach 100 billion yuan this year, enabling Guangxi to be among the top ten output value generators in China.

Cheng Kejie, chairman of the Guangxi regional government, briefed these reporters on infrastructure planning and development in recent years. He estimates that in the past several years, the whole region has raised 30 to 40 billion yuan for the construction of railway lines, expressways, harbors, electric power stations, and waterway dredging projects, etc.

He revealed that the key projects will have been completed by the end of this century. Included in these construction items are: The dredging of the waterway from Nanning to Guigang, then via Guiping through the seaway to Hong Kong, with an annual transport capacity of 10 million tonnes and involving an investment of 2.3 billion yuan; the construction of the Pinglu Canal, which carries fresh water to Qinzhou Prefecture, with about 480 million yuan in investment; the construction of the 870 km Nanning-Kunming railway line, with an investment of 15.3 billion yuan; the 200 km Litang-Yulin double-tracking railways, with an investment of 1 billion yuan; the 105 km Qinzhou-Beihai railway, with an investment of 700 million yuan; the 33 km Qinzhou-Qinzhou Harbor railway, with an investment of 200 million yuan; the 230 km Yulin-Wuzhou railway with an investment of 1.2 billion yuan; the 140 km Liuzhou-Guilin expressway with an investment of about 2 billion yuan; and the 70 km Qinzhou-Fangcheng expressway, with an investment of 1.1 billion yuan.

Five airports are to be built or re-built: The Liangjiang International Airport in Guilin, with an investment of 1.4 billion yuan; Liuzhou Airport, with an investment of 500 million yuan; the newly built Wuzhou Airport, with an investment of 200 million yuan; and the extension projects of the Beihai International Airport and the Nanning Airport, with an investment of 500 million and 200 million yuan, respectively.

In addition, some harbors are to be built: The newly constructed two-berth Guigang harbor, with a handling capacity of 4.6 million tonnes; the 30,000-tonne-class Qinzhou harbor; and the extension of the Fangcheng and other harbors, as well as other power plants.

Shenzhen To Expand Market for Foreign Investors

HK0611080494 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Nov 94 p 3

[By Xiao Liu: "Shenzhen To Rework B-Shares"]

[FBIS Transcribed Text] Shenzhen Securities Exchange is expected to seek more special seats for overseas securities companies in a bid to expand its B-share market, according to the China Securities newspaper.

It also plans to extend the B-share trading terminals to overseas traders to enable foreign investors to complete trading and clearing without visiting the mainland, the newspaper quoted Liu Xinhua, director of the Shenzhen Securities Administration Office, as saying.

B-shares are reserved exclusively for overseas investors and are denominated in yuan but traded in US dollars in Shanghai and Hong Kong dollars in Shenzhen.

Liu said his office, along with the Shenzhen Securities Exchange, will speed efforts to create a better trading environment for B-shares.

To this end, the exchange will simplify trading procedures, reduce trading charges to 0.9 per cent of transaction value and shorten the time between share issuance and listing, he said.

And a special service company will be established to bridge B-share companies and owners, the newspaper said.

The Shenzhen Securities Administration Office will also provide information about China's economic development, Shenzhen's market and B-share companies to overseas investment companies.

Meanwhile, the exchange is attracting more companies in energy, transport, manufacturing and raw materials industries.

And more enterprises outside Shenzhen are welcome to list their B-shares on the Shenzhen exchange.

To improve information disclosure of the B-share companies, Shenzhen is drafting detailed regulations to strengthen management in this field, Liu said.

In addition, he said his office will pour more efforts into helping B-share companies seek second listing on overseas exchanges.

China Merchant Port will be the first company to do so. Its B-shares—currently listed in Shenzhen—have been approved to be listed in Singapore.

And convertible bonds of the Southern Glass Co's B-shares are also expected to be listed in Switzerland.

Liu said the Shenzhen exchange is exploring other options like issuing Depository Receipts to help Shenzhen-listed enterprises enter the overseas securities market.

Xia Bin, general manager of the Shenzhen Securities Exchange, said the Shenzhen B-share market can develop to be an important bridge between domestic enterprises and capital markets overseas, especially Hong Kong and Macao.

China has listed 54 B-shares in Shanghai and Shenzhen with a total share value of 4.039 billion yuan (\$475.2 million).

During the first ten months of this year, total transaction value for the 31 B-shares listed in Shanghai topped 8.8 billion yuan (\$1.035 billion). For the 23 B-shares listed in Shenzhen, the transaction value was 1.463 billion yuan (\$172.12 million).

Southwest Region**Sichuan Campaign To Ensure Stability, Fight Crime***HK0711034294 Chengdu Sichuan People's Radio Network in Mandarin 1100 GMT 6 Nov 94*

[FBIS Translated Text] Our province is organizing the launch of a province-wide mass campaign of cracking key criminal cases and pursuing escaped criminals to ensure that the masses of people will enjoy New Year's Day and the Spring Festival. At the provincial meeting of public security organs to arrange the next phase in the work of severely cracking down on crime and rectifying the social order, Niu Ping, standing committee member of the provincial party committee and the provincial public security department, urged the public security organs in all localities to carefully organize and carry out the work so as to ensure social stability throughout the province.

Niu Ping pointed out: Public security organs in all localities should carry out the next phase in the work of severely cracking down on crime and rectifying social order further in depth under the unified leadership of the government and party committee so as to ensure security during the New Year's Day and Spring Festival holidays. While doing a good job of investigating and cracking criminal cases and cases related to security, we should remove the barriers of differing local practices and [words indistinct] and carefully organize the launch of the mass campaign of cracking key criminal cases and pursuing escaped criminals.

In the two months prior to the Spring Festival, we should crack the greatest possible number of key criminal cases and capture the greatest possible number of escaped criminals. In coordination with the propaganda, cultural, industrial, commercial, and publishing departments, we should intensively carry out the work of wiping out pornography and cracking down on gangsters, firmly seize pornographic and reactionary books, publications, and video products, investigate and punish prostitution activities and [words indistinct], and strike blows at and handle this type of criminal in accordance with the law.

Sichuan Party Committee Endorses 'Decision'*HK0411122094 Chengdu SICHUAN RIBAO in Chinese 6 Oct 94 p 1*

[By staff reporter Yao Zhineng (1202 1807 5174): "Sichuan Provincial CPC Committee Standing Committee's Enlarged Meeting Calls For Conscientious Study and Implementation of the Spirit of the Fourth Plenary Session of the 14th CPC Central Committee and Devoting Energy to Accomplishing Party Building and Economic Construction"]

[FBIS Translated Text] "It is a must to satisfactorily convey, study, and carry out the spirit of the Fourth

Plenary Session of the 14th CPC Central Committee, to further reinforce and improve party building, to strengthen the party's cohesiveness and fighting power, and to unite and lead the people of the whole province in striving for the accelerated pace of reform and opening up and the development of socialist modernization!" This is the requirement set forth by the enlarged meeting of the standing committee of the provincial party committee on 5 October.

Xie Shijie, secretary of the provincial party committee, presided over the meeting and conveyed the spirit of the fourth plenary session. Xiao Yang, deputy secretary of provincial party committee and provincial governor, conveyed the important speech delivered by General Secretary Jiang Zemin at the Fourth Plenary Session of the 14th CPC Central Committee.

Members of the standing committee of the provincial party committee attended the meeting. Those present at the meeting as nonvoting delegates included Yang Xizong, chairman of the standing committee of the provincial people's congress, Nie Ronggui, chairman of provincial committee of Chinese People's Political Consultative Conference (CPPCC), and vice governors with CPC membership.

All the comrades present at the meeting unanimously expressed their firm support for the communique of the Fourth Plenary Session, the "Decision of the CPC Central Committee Concerning Some Major Issues on Strengthening Party Building," and the important speech delivered by General Secretary Jiang Zemin at the meeting. It is the unanimous opinion that the Fourth Plenary Session of the 14th CPC Central Committee is an important meeting with overall importance and far-reaching historic significance. In accordance with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the spirit of the 14th Party Congress, and on the basis of comprehensively analyzing the situation and tasks in party building and the party's present conditions, the "Decision" adopted by the plenary session explicitly puts forward the target of party building, in particular the major tasks, guiding ideas, work principles, and major measures for organizational building. Therefore, the "Decision" is a programmatic document for reinforcing and improving the work of party building in the new period. Conscientious study and implementation of the "Decision" and the spirit of the Fourth Plenary Session will certainly enhance the party's leadership capability and governing skill and promote reform, opening up, and socialist modernization drive, thus exerting great and far-reaching influence.

All the participants agreed that it is a new and great project to do a good job in party building during the new historical period. To implement the "Decision," it is necessary to conscientiously study the party building theory included in Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, namely, the theory on upholding and improving party leadership

so that the party can become a strong nucleus for leading socialist modernization; on emancipation of the mind, seeking truth from facts, and holding to a correct ideological line; on correcting the long-enduring "Leftist" mistakes, opposing bourgeois liberalization, guarding against the "rightist" tendency but chiefly against the "Leftist" tendency, and reinforcing the resolve to uphold the party's basic line; on reforming the party's system of leadership, improving the party's rules and constitution, and practicing a democratic system in inner-party life; on upholding and improving the system of democratic centralism to increase the party's unity and unification; on carrying out the "four-transformation" principle among the ranks of cadres to bring up a vigorous contingent of leading cadres; and on strictly administering the party, opposing corruption, and strengthening party discipline. Only when we have profoundly understood these important ideas can we, in the new situation of reform and opening up, have a correct evaluation of ourselves, strengthen ourselves, improve ourselves, and properly solve the new contradictions and problems in the course of party building.

After a review of the present state of the party in terms of ideology, organization, and work style building, the participants held that to do a good job in implementing the "Decision" calls for high requirements, a heavy work load, and long and arduous work. All party comrades must have a unified understanding and a sense of mission and urgency. At present what warrants special emphasis is to reinforce the sense of organization and discipline. The party constitution has stipulated that individual party members should submit to party organization, the minority should submit to the majority, the lower-level organ should submit to the higher-level one, and all party organizations and all party members should submit to the party's national congress and to the party Central Committee. Of the "four submit's," the most important one is that the whole party should submit to the Central Committee. To uphold the authority of the Central Committee means to ensure unimpeded implementation of the political orders issued by the Central Committee. All decisions made by the Central Committee should be carried out by all quarters conscientiously and creatively in coordination with reality. Education in democratic centralism should be strengthened among leading cadres at all levels, all specific systems for the implementation of democratic centralism should be improved, and all the principles for inner-party political life should be perfected. We should persist in "focusing on grassroots units and grasping basic work to promote development." Assiduous efforts should be exerted to build the party's grassroots units into a powerful fighting force in uniting and leading the masses to carry out reform and construction. We should work hard to foster and promote those leading cadres who have both ability and political integrity. The high-ranking cadres of the party should set strict demands on themselves in accordance with the "Decision," work hard to enhance their political level, and become statesmen who are loyal to

Marxism, persist in taking the socialist road with Chinese characteristics, and have the ability to administer the party and the country.

Comrade Xie Shijie gave a concluding speech on studying and implementing the spirit of the Fourth Plenary Session. After elaborating on the importance of the Fourth Plenary Session, he issued five specific requirements: 1) Studying and carrying out the spirit of the Fourth Plenary Session is a major task for the whole party at present and for a certain period to come; therefore, party committees at every level should, based on specific conditions, work out detailed measures and work arrangements for implementing the spirit. 2) Concentrate efforts on party building. While continuing to do a good job in ideological and work style building, major efforts should be devoted to the party's organizational building, in particular the formulation of rules and regulations. 3) The principal leaders of both the party and government at all levels should take the lead in study, improve their political and professional qualities, carry out the decision of the central committee in an exemplary way, and strive to be leading cadres who meet the requirements of the central committee and have both political integrity and ability. 4) Further efforts should be made to conduct the anti-corruption campaign in a more thoroughgoing manner and work more assiduously to investigate and deal with a number of major cases. 5) With the spirit of the Fourth Plenary Session as a strong motive force, we should pay close attention to our work and complete in an all-round way the tasks set for this year and thus promote the excellent situation in our province.

The meeting decided to hold an enlarged meeting of the Third Plenary Session of the Sixth Provincial CPC Committee on 9 October to promote the study and implementation of the spirit of the Fourth Plenary Session of 14th CPC Central Committee.

Sichuan Farmers Shift to Nonagricultural Sectors

OW0611053794 Beijing XINHUA in English 0245
GMT 6 Nov 94

[FBIS Transcribed Text] Chengdu, November 6 (XINHUA)—Some 12.3 million farmers in southwest China's Sichuan Province have found jobs in non-agricultural sectors nationwide, according to a recent survey in the province.

The figure is about 23.77 percent of the agricultural work force of Sichuan which is the most populous province.

Economic observers here estimate the actual number might be larger than the finding of the survey.

They said that few of the farmer workers are likely to return to farm work again, adding some two thirds of them have completely broken away from farmland and work in nonagricultural sectors elsewhere.

Only 32 percent of the total number temporarily return to their home villages in busy farming seasons, statistics show.

The survey also revealed that Sichuan farmer workers now work not only in construction, but also in industry and many other sectors.

Among the farmers who have left Sichuan to work elsewhere in China this year, 63.83 percent work in industry and 36.17 percent work in the service sector, the survey said.

Tibet Holds Forum on Publication of Deng's Works

OW0611171194 Lhasa Tibet Television Network in Mandarin 1200 GMT 2 Nov 94

[Announcer-read report over video; from the "Regional News Hookup" program]

[FBIS Translated Excerpt] [Video shows a discussion meeting held in a conference room with closeup shots of regional leaders including Dazim, Li Weilun, and Lhalu Cewang Deoje] A regional discussion meeting was solemnly held on 2 November on the publication and distribution of new editions of Volume 1 and Volume 2 of the *Selected Works of Deng Xiaoping*. Danzim, deputy secretary of the regional party committee; Li Weilun, vice chairman of the regional people's Congress; Lhalu Cewang Deje, vice chairman of the regional committee of the Chinese People's Political Consultative Conference; and more than 50 representatives of people of various nationalities from various circles attended the discussion meeting.

The participants expressed their views on the great significance of the publication of Volume 1 and Volume 2 of the *Selected Works of Deng Xiaoping* to promoting economic development in this region. They unanimously pointed out that, at a time when people of various nationalities in the autonomous region are seriously studying and implementing in an all-around way the guidelines of the third central forum on work in Tibet and the decision of the CPC Central Committee on strengthening party building, the publication of revised editions of Volume 1 and Volume 2 of the *Selected Works of Deng Xiaoping*, which were awaited a long time by the whole party and whole army and people of various nationalities of the whole country, is a great event in the political life of people of various nationalities, including people in Tibet. It is the best and greatest encouragement for us in further studying the theory of building socialism with Chinese characteristics.

Danzim, deputy secretary of the regional party committee, spoke at the meeting. He said: Comrade Deng Xiaoping has always shown great concern for work in Tibet and cared about people in Tibet. He has made brilliant expositions on Tibet's social change, political stability, national unity, frontier defense, economic

development, and people's happiness during all historical periods of revolution and construction in Tibet. This has fully shown that Comrade Deng Xiaoping, the chief architect of China's reform and opening up, has shown concern in every possible way for various work in Tibet. [passage omitted]

To promote the penetrating study of the *Selected Works of Deng Xiaoping* and his theory of building socialism with Chinese characteristics by cadres and people of various nationalities in the autonomous region, the Propaganda Department of the Tibet Autonomous Regional CPC Committee will soon sponsor a contest on knowledge related to the theory of building socialism with Chinese characteristics. [passage omitted]

People of various nationalities in Tibet infinitely respect and give wholehearted support to Comrade Deng Xiaoping, the chief architect of China's reform and opening up. They warmly acclaim and wholeheartedly support the publication of the revised editions of Volume 1 and Volume 2 of the *Selected Works of Deng Xiaoping*.

Following the discussion meeting, Danzim, deputy secretary of the regional party committee, and concerned leading members of the propaganda department of the regional party committee handed books to people who have eagerly bought Volume 1 and Volume 2 of the *Selected Works of Deng Xiaoping*.

North Region

Beijing Holds Rally for Winter Conscription

SK0711020094 Beijing BEIJING RIBAO in Chinese 26 Oct 94 p 1

[By reporter Chen Weiguang (7115 4850 0342): "Beijing Holds Mobilization Rally on Winter Conscription"]

[FBIS Translated Text] The 1994 Beijing municipal mobilization rally for winter conscription work was held a few days ago. Li Qiyang, mayor of Beijing Municipality and chief of the municipal conscription leading group, as well as He Daoquan, deputy commander of the Beijing Military Region, commander of the Beijing Garrison, and executive deputy chief of the municipal conscription leading group, gave speeches on working out plans for this year's conscription work. Li Zhijian, deputy secretary of the municipal party committee, and others attended the rally.

The rally was presided over by Zhang Baokang, member of the Standing Committee of the municipal party committee, political commissar of the Beijing Garrison, and executive deputy chief of the municipal conscription leading group. Meng Xuenong, vice mayor and deputy chief of the municipal conscription leading group, announced at the rally the "Beijing Municipal people's government and the Beijing Garrison's order for 1994 winter conscription."

The rally called for efforts to regard both Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the Military Commission's military strategic principle for the new period as the guidance for this year's winter conscription work; to regard the "military service law," the "conscription work regulations," the State Council and the Central Military Commission's order, the "Beijing Municipal regulations on conscription work," and the "Beijing Municipal regulations on national defense education" as the basis; and to regard guaranteeing the quality of the new recruits, realistically strengthening the organizational leadership, expanding the strength of conscription in line with law, propaganda, and education, and guaranteeing the fulfillment of this year's winter conscription with high standards and high quality as the priorities.

The rally summarized the 1993 winter conscription work and commended a batch of conscription advanced units and individuals. With the common efforts of party committees and governments at all levels as well as all relevant departments, we successfully fulfilled last year's municipal conscription task. The broad masses of conscription-age youths actively signed up for military service, and the entire society provided great support for conscription work, thus laying a foundation for guaranteeing the quality of the new recruits. Among the new recruits, 42 percent were party and Communist Youth League members, and 45 percent were senior high school graduates. Their average height was 1.7 meters.

In his speech, Mayor Li Qiyuan pointed out: Conscription work is a major affair that has a direct bearing on consolidating national defense and guaranteeing the smooth progress of reform, opening up, and economic construction; it is one of the major responsibilities of party committees and governments at all levels. We must pay great attention to conscription work, must strengthen leadership, must organize this work carefully, must attend to it and manage it with concerted efforts, and must guarantee that this year's conscription work will be fulfilled successfully.

Li Qiyuan stressed: Conscientiously implementing military service laws and regulations is an effective way for smoothly carrying out conscription work. It is necessary to extensively and deeply conduct propaganda and education on conscription in line with the law, and combine it with the on-going patriotic education campaign. Meanwhile, in the course of conscription, we should pay greater attention to the quality of the new recruits and ensure the capital's outstanding youths will be sent to the army.

Li Qiyuan pointed out: In the course of conscription, it is necessary to continuously implement the responsibility system of managing a certain target; it is necessary commend and award those that fulfill their tasks well and make outstanding achievements in their work, while criticizing those that fail to fulfill their tasks and investigate the responsibilities of the relevant leaders.

It has been learned that the preparations for this year's winter conscription have already begun, the call-up of new recruits will begin on 10 November, and all new recruits will be transferred to the army prior to the end of this year.

Beijing Police Increase Patrols in Crime Fight

HK0711054394 Hong Kong MING PAO in Chinese 4
Nov 94 p C1

[By Kao Shih-hsu (7559 0013 4958): "Tense Atmosphere in Beijing Results From Frequent Armed Robberies and Reinforced Police Patrols"]

[FBIS Translated Text] Recently, large numbers of armed and helmeted public security personnel have appeared in the streets of Beijing. Vehicles are often stopped by policemen for inspection. This phenomenon once caused overseas media to speculate Deng Xiaoping's health might be getting worse, and that the authorities had to tighten control in order to prevent turmoil in society. However, according to sources in Beijing, this is related to the fact that a number of serious criminal cases have occurred one after another, and the authorities believe that some lawbreakers have carried firearms into the urban district so they have taken precautions against crimes.

Reportedly, since October, serious criminal cases have continued to occur:

In mid-October, a criminal entered Beijing via Tongxian after killing a police superintendent somewhere in Northeast China. In Tongxian, he first seized a yellow taxi and drove into Beijing. Policemen set up check points in all main streets to examine taxis. However, the thug dropped the taxi and seized a high-class U.S.-made car, and the police failed to catch him. Because there was no information about the criminal in other places, the security authorities assumed that he remained in Beijing, and the Criminal Investigation Bureau of the Public Security Ministry also set up a special group to join the dragnet.

In another case in late October, a vehicle of the Supreme People's Procuratorate was intercepted and the driver killed. Policemen escorting several serious criminals were injured, and their weapons were seized by the criminals, who then ran away. This is a rare case in the history of the PRC. The authorities imposed a strict blackout on this event. However, according to reliable sources, although the authorities mobilized a large number of policemen, they still failed to catch the criminals.

On 30 October, the authorities received information about the possibility of several criminals driving a car into Beijing after they had committed murders in other places and seized a Russian-made car. That night, in the south of the city, armed policemen were deployed at all

major street intersections to inspect cars, but it is said that they still failed to discover a trace of the criminals.

An internal circular from the security authorities said that an armed robber had recently committed a series of robberies by breaking into people's homes, but the robber still had not been caught.

According to a recent report in BEIJING RIBAO, an armed lawbreaker was shot dead by public security officers in the Chongwenmen district of Beijing, but no other casualties were caused during the incident. The official report did not mention the background of the criminal, but it was said that he had no connection to the above-mentioned cases.

The sources pointed out that although one cannot not reach the conclusion that law and order in Beijing is getting worse because of the occurrence of a series of serious cases, these cases, which are generally regarded as committed by experienced criminals, have actually put substantial pressure on the security authorities. The appearance of a large number of armed policemen may affect the image of the city, but this is a necessary measure. Without the in-depth development of the reform, the size of the mobile population will continue to increase, and because reform will touch the interests of more people, it is expected that the number and variety of lawbreakers will continue to increase. This is a serious challenge to the public security authorities. Beijing recently carried out a study of the mobile population in order to provide grounds for the formulation of security policies.

Inner Mongolia Reduces Crime During Jan-Sep

SK0511082494 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 4 Nov 94

[FBIS Translated Excerpt] Since the beginning of this year, various localities in the region have thoroughly launched the comprehensive management of public security, have continuously enhanced the efforts to deal stern blows to crimes and have adopted positive measures to prevent and reduce crimes from being repeated, crimes, thus having effectively maintained the social stability of the entire region. A few days ago, the regional commission on politics and law, the regional committee for comprehensive management of public security, and the propaganda department of the regional party committee jointly held a forum to report the regional situation in comprehensive management of public security this year and to offer opinions for improving the propaganda work in this aspect.

Since the beginning of this year, the regional work concerning the comprehensive management of public security has been focused on safeguarding social stability and on continuously dealing stern blows to serious criminal offenses according to laws. Public security organs at all levels have organized and launched unified

actions to specially struggle against gambling; drug abuse; stealing; and destroying railways, water and electricity supply, and communications facilities. In the first three quarters of this year, the region as a whole cracked 11,744 criminal cases, 1,500 more than the cases cracked in the same period last year; ferreted out 5,550 cases concerning six vices; and punished 19,960 law breakers. All localities have also strictly punished serious economic crime offenders and have resolutely investigated and dealt with major and appalling cases. From January to September, a total of 1,834 economic cases concerning corruption, bribery, fraudulence, and smuggling were accepted and tried, and 918 cases and 1,068 persons were put on file for investigation and prosecution, of which, 358 were major and appalling cases, an increase of 92.5 percent over the same period last year.

The conscientious implementation of the system of quota management and responsibility for comprehensive management of public security in various localities has effectively promoted the comprehensive management work, has helped implement the measures concerning education for and management of youths and juveniles, has geared up the struggle against crimes in the rural and pastoral areas that are under special control because of their bad social order. Therefore, a good social effect has been achieved. [passage omitted]

Northwest Region

Gansu CPC Committee Meets, Endorses Plenum Decision

Yan Haiwang Presides Over Meeting

HK0411121694 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 3 Nov 94

[FBIS Translated Text] The second enlarged session of the Gansu Provincial CPC Committee opened yesterday morning [3 November]. The meeting's agenda is: relaying and arranging the implementation of the spirit of the Fourth Plenary Session of the 14th CPC Central Committee and the spirit of the national work meeting on building rural grass-roots organizations; discussing and passing the Gansu Provincial CPC Committee's opinion on implementing the CPC Central Committee's decision on strengthening party building; and arranging the work of building rural grass-roots organizations and the anticorruption work between this winter and next spring. Yan Haiwang, secretary of the provincial party committee, presided over the morning meeting. Zhang Wule, deputy secretary of the provincial party committee and governor of the province, relayed Comrade Jiang Zemin's speech at the Fourth Plenary Session of the 14th CPC Central Committee. Yang Zhenjie, deputy secretary of the provincial party committee, relayed Comrade Hu Jintao's speech at the national work meeting on building rural grass-roots organizations. Lu Kejian, chairman of the provincial people's congress standing committee, Shen Xiaozeng, chairman of the

provincial committee of the Chinese People's Political Consultative Conference, Liang Peizhen, Li Hulin, Rao Fengzhu, Shi Zongyuan, and Lu Hao, standing committee members of the provincial party committee, attended the meeting. Members and alternate members of the provincial party committee, members of the provincial discipline inspection commission, secretaries of the party committees and the party leading groups in all prefectures and cities, and members of large enterprises and institutions of higher education, totalling more than 500 people, attended the meeting.

In the afternoon, the second session of the provincial party committee continued the general meeting. Yang Zhenjie, deputy secretary of the provincial party committee, explained the provincial party committee's opinion on implementing the Central Committee's decision on strengthening party building. Rao Fengzhu, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission, gave a speech on anticorruption work.

Gansu CPC Committee Meeting Ends

HK0711091594 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 5 Nov 94

[FBIS Translated Excerpt] The Second Enlarged Plenary Session of the Eighth Gansu Provincial CPC Committee ended in Lanzhou yesterday afternoon. The session ratified the provincial party committee's proposal on implementing the CPC Central Committee's decision. Zhang Wule, provincial deputy secretary and governor, presided over the afternoon session. Provincial Secretary Yan Haiwang made an important speech asking the participants to correctly understand the importance of implementing the instructions of the Fourth Plenary Session of the 14th CPC Central Committee so as to improve their consciousness in improving party building.

Yan Haiwang pointed out: The Fourth Plenary Session of the 14th CPC Central Committee was a meeting of overall and far-reaching significance convened in a crucial development period of China's reform, opening up, and socialist modernization. The decision of the Fourth Plenary Session is a programmatic document. We must conscientiously study and understand it.

On the implementation of the Fourth Plenary Session instructions in Gansu, Yan Haiwang said: First, there is a need to conscientiously study these instructions. A period during this winter and next spring must be concentrated on organizing party members, cadres, and masses to study the Fourth Plenary Session instructions so as to improve their understanding. [passage omitted]

Second, all levels of party committees must strengthen their democratic centralism. [passage omitted]

On improving grass-roots party organizations in the rural areas, Yan Haiwang stressed the importance of

fulfilling these five tasks: First, relaying the instructions of the national meeting on improving rural grass-roots party organizations; second, making overall arrangements by bringing the focal point into prominence, and paying attention to improving rural party branches, which is the key issue; third, conscientiously training village-level principal cadres and rural party members; fourth, building and improving all systems for rural grass-roots party organizations; and fifth, conscientiously summing up the experience in sending cadres to the rural areas over the last few years. [passage omitted]

On training and selecting cadres who have both ability and political integrity, Yan Haiwang said: Now the problem of Gansu cadres being a little advanced in years has gradually become prominent. If this is not seriously resolved, it will affect our work. We must not select leading cadres by seniority. [passage omitted]

Yan Haiwang also stressed the importance of combating corruption. [passage omitted]

Qinghai Secretary at National Solidarity Meeting

HK0711103394 Xining Qinghai People's Radio Network
in Mandarin 2300 GMT 5 Nov 94

[FBIS Translated Excerpt] On 5 November, on behalf of the State Council, the provincial government held a meeting to issue certificates of merit to advanced collectives and individuals who had been commended by the national meeting on nationality solidarity and progress. [passage omitted]

Provincial CPC Secretary Yin Kesheng and Vice Governor La Bingli made speeches at the meeting. Yin Kesheng said: The provincial party committee and government have always regarded nationality solidarity as the major aspect of the province's work. Cadres, staff members, workers, and people of all nationalities in the province have made important contributions to promoting nationality solidarity and progress. In the short period of several decades since the founding of the PRC, Qinghai has made prominent achievements in construction and undergone profound changes despite bad natural conditions and difficulties in all fields. This has relied on the close solidarity and common efforts of all nationalities in the province under party leadership.

Yin Kesheng continued: Now our country is in a quite important historical period and China's reform and construction are in a crucial development period. The Fourth Plenary Session of the 14th CPC Central Committee adopted a decision on strengthening party building and other major issues. This has an important bearing on expediting our socialist modernization. In this new situation, it is more necessary than ever before to strengthen nationality solidarity and more necessary for people of all nationalities throughout the province to unite as one, to share weal and woe, and to make common efforts. [passage omitted]

Xinjiang Commentary on Patriotic Education*OW0711024494 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 3 Nov 94*

[Announcer-read station commentary: "Strengthen Leadership and Keep Up Education in Patriotism for a Long Time To Come"; from the "Xinjiang News" program]

[FBIS Translated Text] Education in patriotism is a systematic project that involves the entire society. It encompasses a wide range of aspects and requires a great deal of work. To mobilize the forces of the entire party and society; truly fulfill this task, which is the main theme of society; and guarantee and promote the continuance and deepening of education in patriotism for a long time, we must strengthen leadership in conducting such education.

Leading party cadres and government leaders at various levels, who are in charge of guiding such education, should first of all have a full understanding of the important, practical, and profound historical significance of the launching of education in patriotism under current circumstances. They should not simply take it as an ideological and educational activity of general significance, but should treat it, from the strategic perspective, as a magnificent cause of lifting national spirit, enhancing national coherence, and building socialism with Chinese characteristics; a strategy to resist and fight the attempt of Western hostile forces to Westernize and split up our nation; and a strategy to safeguard the unification and sovereignty of the motherland. They should conscientiously make education in patriotism an important item on their agenda, and mobilize and organize all quarters of society to make concerted and great efforts to implement and ensure the implementation of this task.

People do their best to achieve something when they want to, but give up such efforts if they lack the desire. As an eternal main theme of education for the entire nation, a great cause that benefits posterity and constitutes a feat lasting for centuries, and a long-term and arduous strategic task, education in patriotism cannot be fulfilled by a certain department alone, nor can it be taken as an expedient measure and conducted intermittently. Therefore, various departments and localities should formulate long-term, short-term, and present-stage programs for such education according to the outlines for the implementation of education in patriotism and in line with local conditions; draw up the rules for the implementation of these programs in the meantime; and conscientiously carry them out to the letter—with unremitting efforts, perseverance, and results. Leaders at various levels should divide the work. Each of them should take up his responsibility in strengthening inspection and guidance, and make performance in promoting education in patriotism an important consideration in assessing achievements in the construction of material and spiritual civilizations.

Educators must be educated first. Party and government organs at various levels should take the lead in intensifying

education in patriotism among all staff, particularly leading cadres. Leading cadres at various levels should set an example, attach importance to investigations and studies, do more practical work, emphasize practical results, and strictly avoid formalism. They should constantly summarize and advertise models of and experiences in promoting education in patriotism, and commend and award outstanding units and individuals. A fine example has boundless power; therefore, it is necessary to make great efforts to publicize advanced patriotic models and bring into play the demonstrative role of good examples to deepen and keep up education in patriotism for a long time to come.

Major Economic Criminal Acts Increase in Xinjiang*OW0611142194 Urumqi XINJIANG RIBAO in Chinese 21 Oct 94 p 1*

[Article by reporter Han Aimin (7281 1947 3046): "The Autonomous Regional Procuratorate Urges Procuratorial Organs at All Levels To Investigate and Deal With Major and Important Cases and To Intensify Anticorruption Efforts"]

[FBIS Translated Text] Economic crimes of every description have been common occurrences over the past nine months. Through hard work, procuratorial organs at all levels in Xinjiang have achieved new gains in combating corruption. The number of cases filed for investigation rose by 47.87 percent over the same period last year, and 19,197,200 yuan in economic losses were recouped. The anticorruption mission, however, remains daunting.

According to statistics compiled by the autonomous regional procuratorate, 1,922 cases of economic crimes were accepted for handling during the first eight months of this year. Preliminary investigations were conducted in 1,166 cases, and 729 were put on file for investigation. Of these, 306 were major cases and 23 were important ones. The number of major and important cases increased by 39.4 percent over the same period last year. Cases of graft and bribery accounted for 75.7 percent of the number of cases put on file.

Among the important cases were two in which Li Hongzhen, deputy head of the autonomous regional civil affairs department's office in charge of cash donations, took bribes, and Sun Jianhe, chief of the autonomous regional industry and commerce administration's contract section, accepted bribes. The first case was handled by Urumqi city. Among the major cases was one in which Cao Qiang and Sun Cheng embezzled 1.48 million yuan, and one in which a vice chairman of the Kashi Prefectural Supply and Marketing Cooperative and the chairman of the Bortala Mongol Autonomous Prefectural Economic Commission took bribes. The first case was solved by the Shihezi City Procuratorate.

Mindful of the inefficient handling of important cases in some localities, the autonomous regional procuratorate

urged: Cases of graft and bribery are now more serious than before, and their number is increasing. Procuratorial organs at all levels should deepen their understanding of the importance and urgency of investigating and dealing with major and important cases. They should have more confidence in and devote greater efforts to investigating and dealing with such cases.

The autonomous regional procuratorate urged procuratorial organs at all levels to concentrate on solving,

prosecuting, and working with courts to hold open trials of a number of cases in the near future. While working to wrap up cases and quicken the pace of handling cases, they should ensure the quality of their work in dealing with cases. They must resolutely investigate and deal with those who violate the law and discipline, pervert justice for a bribe, practice favoritism, and commit irregularities, and should never show leniency toward these people.

Li Teng-hui: Taipei Not To Withdraw From Hong Kong*OW0511091994 Taipei Voice of Free China in English 0200 GMT 4 Nov 94*

[From the "News" program]

[FBIS Transcribed Text] ROC [Republic of China] President Li Teng-hui received Hong Kong overseas Chinese representatives Thursday [3 November] morning and reiterated the ROC's stand when Hong Kong turns over to Chinese Communist rule in 1997. Li told the representatives that the ROC will not withdraw its presence in Hong Kong and Macao, and the government has already had well-programmed plans for this issue. He added that the ROC government is very much concerned about the lives and career prospects of Hong Kong residents, and is prepared to assist them in every possible way to maintain the prosperity and economic development over those two islands. [sentence as heard]

Overseas Chinese Affairs Commission Chairman Chang Hsiao-yen accompanied the representatives of Hong Kong Chiangsu [Jiangsu] and Chechiang [Zhejiang] natives to the Presidential Office building, and they exchanged views over the future of Hong Kong with Li during the visit.

President Li Receives Nobel Economics Laureate*OW0711095194 Taipei CNA in English 0724 GMT 7 Nov 94*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Nov. 7 (CNA)—President Li Teng-hui received 1992 Nobel economics laureate Douglas C. North at the presidential office Monday [7 November].

Li told North that Taiwan has sought development and a stable economy over the past 40 years.

He added that the Republic of China [ROC] Government has mapped out a number of different economic development strategies to cope with changes and competition in the international market.

North, who teaches at Washington University in Missouri, praised Taiwan's economic achievements and lauded Taiwan's economic model.

Li noted that Taiwan is also working on technological upgrading, research and development and is adjusting its economic structure to become an Asia-Pacific financial center. He added that only by developing high technologies can the island maintain its competitiveness.

In response to a question by North on what forces fueled Taiwan's economic growth, Li said a combination of factors, including correct government policy, hard working public and the adaptability of small and medium enterprises, all contributed to the growth.

Li also said that a successful transition from an agricultural to industrial economy helped the growth.

North is visiting Taiwan at the invitation of private Wu San-lien Foundation.

Taipei Begins Talks With GATT Members*OW0711093894 Taipei CNA in English 0659 GMT 7 Nov 94*

[By Maurus Young and Debbie Kuo]

[FBIS Transcribed Text] Geneva, Nov. 7 (CNA)—Taiwan delegates are back at the negotiation tables for a final round of trade concession talks with General Agreement on Tariffs and Trade (GATT) contracting parties before Taiwan's GATT accession.

A 40-member Taiwan delegation, led by Vice Economic Affairs Minister Sheu Ke-sheng and Director-General of the Board of Foreign Trade Huang Yen-chao, opened two-weeks of talks with 13 GATT members Monday [7 November].

Huang and his 20-member group will meet negotiators from Chile and Mexico on Monday and representatives from New Zealand, Canada, the Czech Republic and Slovakia on Tuesday.

During the two-week trade talks, Taiwan is expected to reach consensus and sign bilateral agreement with Turkey, Chile and Mexico. Malaysia and South Africa signed similar agreements with Taiwan in the past two months.

Agreements are also expected from Hungary, Brazil and Uruguay, Huang said, noting that the negotiations are "closing."

Taiwan's GATT membership protocol will likely to be discussed and drafted before the end of November if the two-week bilateral talks proceed smoothly.

The Taiwan GATT membership protocol will be drafted jointly by GATT members and Taiwan delegates in the seventh meeting of the special working party screening Taiwan's GATT application.

New 'Registration' of Rhino Horns, Tiger Products*OW0611131394 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 1 Nov 94*

[From the "Hookup" program]

[FBIS Translated Text] The second registration of rhino horns and tiger products will begin soon. The Council of Agriculture said: To safeguard the rights and benefits of those who own rhino horns and tiger products, it will launch an extensive publicity campaign to tell people how to apply for the registration and how to verify these

things. It is expected that the registration will be accomplished by 3 December. Here is a report by Lin Kui-min.

[Begin Lin recording] The Council of Agriculture said this publicity campaign will be carried out through radio and television as well as through newspapers in three stages. The campaign aims at reminding people to register these items before the deadline to safeguard their rights and benefits and to avoid being fined. People can register their rhino horns and tiger products with a county, city, village, township, or district government. After accepting their applications, authorities concerned will send personnel to verify and register these items, recording the quantity, weight, and height of these items. A sequence number will be given for each item after its picture is taken. A total of 138 personnel from various local governments will carry out the registration in a month and accomplish the work by 3 December. The registration cannot be accomplished before the convening of Washington Wildlife Convention. But it is hoped that, before this December when the U.S. Government begins reviewing Pelly's bill, such registration, if conducted smoothly, will provide persuasive information concerning the stock volume of rhino horns—one of the prerequisites for lifting trade sanctions.

This is Lin Kui-min reporting from the Council of Agriculture. [end recording]

Military To Cut Production of Short-Range Missiles

OW0611164294 Taipei CHUNG KUO SHIH PAO in Chinese 30 Oct 94 p 4

[FBIS Translated Text] It has been disclosed that the number of "Tien Chien-1" [Sky Arrow-1] short-range missiles, which will be fitted on IDF [Indigenous Defense Fighter] fighters, has been reduced from 700 to approximately 300 because of changes in the Air Force's purchase plans. This is the third major cutback in production by the Chungshan Institute of Science and Technology following cutbacks in the numbers of IDF fighters and Tien Kung-1 [Sky Bow-1] missiles.

Moreover, high-ranking military officers have revealed that "Tien Kung-2" missiles, which have been under development for several years, will be tested upon completion early next year. The Army is expected to deploy six Tien Kung missile batteries on the island proper and other offshore islets. The initial number of "Tien Chien-2" medium-range missiles, which will become combat-ready by year's end, will not exceed 200 because operational testing has not yet been completed.

On the functions of various missiles, which have aroused public interest, the officers noted: The range of "Tien Chien-1" short-range missiles is 20 km, but aircraft equipped with them must determine the enemy's position by sound [ting yin bian wei 8126 7299 6587 0143] when engaged in dogfights. Therefore, the effective range is about 10 km. Functionally, these missiles resemble the

newly commissioned Sidewinder-9S missiles in the United States. Two aircraft outfitted with such missiles can engage in a head-on dogfight, and neither has to go to the back of the other to fire.

As for the functions of "Tien Chien-2" missile, it has been disclosed that the range is approximately 30 to 60 km, depending on aircraft radar functions and ranges. The officers said: The range of the "Tien Chien-2" missile is further on F-16's than it is on IDF fighters. This is because the radar range of F-16's is more extensive. It is reported that "Tien Chien-2" missiles resemble advanced U.S. medium-range missiles, both in their appearance and functions.

As for the reasons for the policy to scale back the production of "Tien Chien-1" missiles, the officers said: In buying F-16 and Mirage fighters, the Air Force also bought 900 Sidewinder missiles, 600 Sparrow missiles, and 1,440 Mica and Magic missiles, for a total of some 3,000 missiles, from the United States and France. Therefore, the planned number of "Tien Chien-1" missiles has been revised to some 300.

Survey Shows Split Over Troop Withdrawal Proposal

OW0711091994 Taipei LIEN HO PAO in Chinese 3 Nov 94 p 2

[By reporter Peng Wei-ching (1756 1218 2533)]

[FBIS Translated Text] According to an incomplete public opinion survey which was "inadvertently" released by the Central Committee of the Democratic Progressive Party [DPP], Chen Shui-pien [DPP candidate in the Taipei mayoral election] received, for the first time, a lower support rate than Chao Shao-kang of the New Party. Although the Central Committee of the DPP said the statistics were not correct because the survey was incomplete, the poll—which was conducted by the DPP to find out the effect of the "proposal to withdraw military troops from Kinmen and Matsu" in the current elections—indicates that a sense of crisis appeared within the DPP after this proposal was made.

In an effort to bring the dispute between unification and independence to the forefront, the DPP put forward a proposal to withdraw military troops from Kinmen and Matsu. However, some DPP members differed in their opinions about the timing of such a proposal. Some have praised it and others condemned it. Even the party's gubernatorial and mayoral candidates have reservations about the proposal introduced by the DPP Central Committee. People of various circles differ considerably in their opinions about the effects of this proposal on the elections. At a time when the election war is heating up, the slightest thing will affect the situation. Being unable to dodge the issue, the DPP conducted a public opinion poll on the proposal in a bid to gain "scientific data" as a basis for changing its mind or appeasing the factional disputes within the party.

The DPP's explanations about the statistics and public opinion polls, following their "inadvertent" leaking, may sound reasonable both from the statistical viewpoint and public opinion poll theory, but since the data was the result of a poll conducted in Wenshan and Taan districts, it only shows that Chen Shui-pien might receive less support in some districts. However, the survey, which does not show the overall situation of people's support in the Taipei metropolitan area, does serve as a shocking alarm to the high-ranking personnel of the DPP. The data, unlike the statements by some high-ranking personnel of the DPP that the survey "does not affect the elections too much," is a warning.

Although it is a twisted statement that the survey result shows "Chen Shui-pien lags behind Chao Shao-kang" in the people's support, the attempt to release incomplete statistical information might lead to a situation in which "what was make-believe has become reality," thus causing a domino effect in the elections.

Taipei To Draft Cross-Strait Air, Shipping Plan

OW0511153594 Taipei CHUNG KUO SHIH PAO in Chinese 29 Oct 94 p 1

[FBIS Translated Text] On 28 October, the Ministry of Transportation and Communications [MOTC] summoned relevant units to a meeting to discuss with them the issue of drafting the framework of a "work program for preparations for exchanging air and shipping services across the Taiwan Strait (ocean shipping section)," and to give them work assignments. MOTC Executive Vice Minister Tsai Lhao-hsiang said: The program for preparations for exchanging both air and shipping services will be ready by the end of June next year. However, whether we will consult with Communist China about an agreement on exchanging services and promoting cross-straits direct air and shipping services will depend on whether Communist China shows any favorable responses.

According to the objectives set by the MOTC and relevant units, planning involving policy-level issues, such as those concerning the National Unification Program, official contacts, and dates for commencing air and shipping services will be handled by the Mainland Affairs Council [MAC]. Tsai Chao-hsiang said: The MAC will also play a decisive role in selecting the best time for the two sides of the strait to sign an agreement for exchanging air and shipping services. The MOTC will only provide assistance on the technical level.

The ocean shipping section of the work program for cross-strait air and shipping services, which is being drafted under the MOTC leadership, covers four major subjects: Overall planning, safety guarantees, transportation plans, and other related details. Tsai Chao-hsiang said: Because ocean shipping involves multitudinous issues, the part of cross-strait services dealing with shipping services is far more complicated to plan than the one dealing with air services. Specific things involved here include harbors; berths; wharves; selection of facilities; methods for exchanging shipping services; control of passage by fishing vessels, boats on official businesses, and other vessels; registration of shipping agents; matters concerning remittance; ship crews; and customs and immigration checks for travelers who are entering here. They also involve issues concerning taxation of mainland shipping companies, quarantine, sea rescue, communications, and navigation, and mediation of disputes arising from the above issues.

When discussing the issue of cross-strait air and shipping services, outsiders tend to think that shipping services are less complicated than air services, and that shipping services should be opened before air services. However, Chu Yung-chuan, head of the MOTC Navigation and Aviation Department, said: Shipping services are not necessarily the less complicated of the two cross-strait shipping and air services. On the issue of which one should come first, it is not a requisite for "shipping services to come before air services." The part dealing with the exchange of air services of the work program for cross-strait air and shipping services will be drafted soon, and relevant issues studied by the Civil Aeronautics Administration. It will be ready by the end of June next year, together with the ocean shipping section.

Because the MAC has yet to study the issue of amending the National Unification Program, direct cross-strait air and shipping services will still be at the planning stage before a decision has been made to amend the program. Tsai Chao-hsiang said: We must complete necessary planning before commencing direct cross-strait air and shipping services to achieve the objective of ensuring the sanctity, orderliness, and safety of such services. Once Communist China abandons its state of hostility toward us, gives up the notion of using force against Taiwan, stops denying that we are an equal political entity, and stops preventing us from participating in international activities, the two sides can then start discussing an agreement on air and shipping services and promote such services.

Hong Kong

XINHUA's Zhang Attacks Patten Remarks

HK0711054494 Hong Kong WEN WEI PO in Chinese
29 Oct 94 p A11

[Report: "XINHUA Hong Kong Deputy Director Zhang Junsheng Criticizes Chris Patten's Remarks in London"]

[FBIS Translated Text] Directed at Hong Kong Governor Chris Patten's remarks in London on handing over the responsibility of Hong Kong to the Hong Kong people, XINHUA Hong Kong Deputy Director Zhang Junsheng pointed out yesterday: The Hong Kong governor's remarks were deliberately aimed at violating the Joint Declaration, and at sowing dissension between Hong Kong citizens and the Chinese Government. He stressed that according to the provisions of the Sino-British Joint Declaration, the British Government will return Hong Kong to the People's Republic of China on 1 July 1997.

Before attending the Guangdong Opera charity evening party sponsored by Pok Oi Hospital, which was held at the City Hall in Central District yesterday evening, Zhang Junsheng answered a reporter's question on Sino-British relations, saying: The Chinese side always hopes that the British side will faithfully carry out its obligations entrusted in the Sino-British Joint Declaration, and will cooperate with China in a positive way so as to maintain Hong Kong's social stability and economic prosperity for a smooth transition. The British side, however, has repeatedly disrupted the cooperation and has stirred up disputes. Today, I again read a report in the newspaper saying that during a news conference at the Hong Kong Government's London office, Governor Patten went so far as to say that Britain will hand over Hong Kong to the Hong Kong people. There is something very serious in this remark.

Zhang Junsheng pointed out: The Sino-British Joint Declaration provides that Britain will return Hong Kong to the People's Republic of China on 1 July 1997. After the recovery of Hong Kong, China will establish a special administration region in Hong Kong, where the principle of Hong Kong's being governed by the Hong Kong people with a high degree of autonomy will be practiced, as authorized by the central government. This is entirely our country's internal affair. How can Mr. Patten say that Britain will hand over the responsibility of Hong Kong to the Hong Kong people? This is deliberately aimed at violating the Joint Declaration, and at sowing discord between the Hong Kong citizens and the Chinese Government. That is why I say it is very serious. I hope Mr. Patten will not provoke disputes and stir up contradictions in the next two years or so.

Regarding whether or not China and Britain will be able to officially sign an agreement on the overall financial arrangements for the new airport, Zhang Junsheng said that he had no idea about when it could be signed, but he

hoped that the agreement could be signed earlier because the two sides had reached a unanimous opinion. As a matter of fact, the Chinese and British leaders already had signed a memorandum of understanding in September 1991, so the financial problem should have been solved a long time ago if the British side had acted in accordance with this memorandum.

In addition, in response to the remarks by Chiao Ren-ho, vice chairman of Taiwan's Strait Exchange Foundation, concerning the mainland's excessive haggling over a Taiwan organization's leasing of the Cultural Center for the "Double 10th" celebration activities, Zhang Junsheng said: This is a matter of principle. As everybody knows, it is the British side that has tacitly consented to, or even had a hand in creating "two Chinas." How can this be allowed to take place?

Reportage on Agreed Minute on Airport Financing

Details of Arrangements

HK0511061594 Hong Kong SOUTH CHINA
MORNING POST (AIRPORT SPECIAL) in English 5
Nov 94 p IV

[FBIS Transcribed Text] The Airport Committee of the Sino-British Joint Liaison Group discussed the overall financing arrangements for the new airport at Chek Lap Kok and the airport railway in accordance with the provisions of the "Memorandum of Understanding Concerning the Construction of the New Airport in Hong Kong and Related Questions." Both sides decided on the following:

1. Arrangements for Equity and Debt. The Hong Kong Government will make arrangements to inject equity of not less than \$60.3 billion into the new airport at Chek Lap Kok (first runway and associated facilities) and the airport railway. The total borrowings in respect of the two projects outstanding at the time the projects are completed will be not more than \$23 billion. Such borrowings will not need to be guaranteed or repaid by the government and the statutory body currently known as the Provisional Airport Authority and the Mass Transit Railway Corporation will be liable for the repayment of such debts in full.

2. Land for the new airport and the airport railway. The British and Chinese sides have reached a common view on the principles for the use of land for the new airport and the airport railway. Specific arrangements for the grant of land will be agreed by the Sino-British Land Commission.

3. Project Progress and Cost Monitoring and Control. The British and Chinese sides agree to adopt necessary measures to monitor and control cost carefully and to strengthen the role of the Airport Consultative Committee and the Airport Committee in this respect. The British side undertake that the Hong Kong Government will, in addition to strengthening the operation of the

existing agencies for cost monitoring and control as a further effort to reduce cost, provide the Airport Consultative Committee with information on project progress, financing, and costs in a timely manner and listen to the reasonable views and proposals of the Airport Consultative Committee. The Hong Kong Government will also report to the Airport Committee on a quarterly basis the progress, financing, and changes in costs of the projects to facilitate monitoring by the Airport Committee.

4. Contractual Claims. The British side confirm that the Hong Kong Government will, in accordance with its existing policy, continue to work conscientiously and make maximum efforts to avoid or minimise the occurrence of such claims, so that contractual claims will not become a financial burden on the future Special Administrative Region Government.

5. Review of Progress of Projects and Financing Arrangements. On the basis of the present progress of the Airport Core Programme, barring force majeure, the seven projects directly funded by the Hong Kong Government together with the Western Harbour Crossing project awarded to the private sector on a Build-Operate-Transfer basis will be completed before 30 June 1997, while the New Airport at Chek Lap Kok and the Airport Railway will be completed to the maximum extent possible before 30 June 1997. The British and Chinese sides agree to carry out a comprehensive review of the progress of the Airport Core Programme and the implementation of the financing arrangements for the new airport and the airport railway in the second half of 1996.

The British side also undertake that if any of the seven government-funded Airport Core Programme projects should not be completed before 1 July 1997, the Hong Kong Government should make sufficient provision of funds in the overall budget for the projects.

6. The Specific Agreements between the Hong Kong Government and the Airport Authority and the Mass Transit Railway Corporation. The Chinese side understand the importance of these two specific agreements. Such agreements will, after a common view has been reached by the two sides through consultation, be announced separately as quickly as possible.

H.L.I. DAVIES British Senior Representative 4 November, 1994

GUO FENGMIN Chinese Senior Representative 4 November 1994

Minute Must Protect Interests

HK0511073194 Hong Kong WEN WEI PO in Chinese
5 Nov 94 p A2

[Report: "The Agreed Minute on Financing Arrangements for the Airport Must Protect Hong Kong People's Interests"]

[FBIS Translated Text] China and Britain yesterday reached an agreement on the overall financing arrangements for the construction of a new airport and airport railway in Hong Kong and signed the Agreed Minute.

In the whole process of the talks, the Chinese side has upheld the principles and provisions of the Memorandum of Understanding [MOU] concerning the new airport and firmly safeguarded Hong Kong people's interests for the sake of Hong Kong's future. This is already obvious to all.

People will not forget that within six months of signing the MOU, the Hong Kong Government had increased the total cost of the core projects from \$98.6 billion to \$112.2 billion (after completion, the price is expected to be 157.3 billion), of which the cost of the airport railway increased by 77 percent. This would bring about a gargantuan debt and, by 30 June 1997, the debt would have amounted to \$73 billion, for which the interest and fund-raising fees would have reached \$13 billion. However, according to its earliest plan, the Hong Kong Government would inject equity worth just \$20.3 billion into the airport project. Hence, there was a situation wherein the Hong Kong Government would shoulder less debt burden while the special administrative region [SAR] government would undertake heavy debt burdens and interest payments would be excessively substantial. The Chinese side urged its British counterpart to increase capital injection. This proposal was fair and reasonable. The current Agreed Minute has clearly defined that the Hong Kong Government will inject equity worth 60.3 billion from its reserves and income from the sales of land along the airport railway and the level of debt will be kept under \$23 billion. In this way, the annual interest payment will be just about \$2 billion and the situation, in which taxes are to be increased or the Mass Transit Railway fares are to be increased in a big way so as to make up for interest spending, can be avoided.

At the outset, the Chinese side proposed that the British side make a capital injection using income from the sales of land associated with the airport railway but the latter insisted that the land associated with the airport railway not be included in the Land Commission's annual plan for land grants. To put it another way, the British side would swallow half of the income from land sales which was slated for the SAR government. Chris Patten insisted that: The costs "can no longer be reduced," no ceiling should be put on borrowing, and if the Hong Kong Government should inject capital using the sales of land for building associated with the airport railway, the SAR government should also inject 20 billion from its land sales income. This was obviously a violation of the Joint Declaration stipulation, which states that half of the premium income from land transactions will be left for purposes after 1997, and would drain the SAR's finances and adversely disrupt the property market as supply would exceed demand, thus making the market more volatile. China and Britain have now reached a

consensus view on use of land for the new airport and airport railway and included the land associated with the airport into the Land Commission plan. Specific arrangements for land grant will be decided by the commission. This complies with Hong Kong's long-term interests.

The greatest disadvantage of the construction of the new airport to the Hong Kong people is that if the project is delayed, overspending will be incurred continuously, the project will turn out to be a shambles, and the resulting losses will have to be borne by the Hong Kong people. In the past three years, the construction costs of the airport have increased considerably; a certain foreign official on the Provincial Airport Authority spent public money extravagantly and, moreover, an incompetent official in the authority was dismissed with compensation. In the past, the Airport Consultative Committee could not obtain enough materials to monitor the operations of the airport project. The Agreed Minute states that the role of the Airport Consultative Committee should be strengthened so that the cost of the project can be reduced. Members of the committee should be informed of the process, financial matters, and cost changes in the project and their rational proposals should be heeded. It is quite reasonable for the Hong Kong people to supervise the airport which is being built with their own money.

The Agreed Minute clearly states: The British side undertakes not to leave a financial burden to the future SAR government because of problem from contractual claims. Thus, all contracts will not have any indiscreet contractual-claim clauses attached. The SAR government will not take responsibility for contractual claims if any.

In the second half of 1996, China and Britain will comprehensively review the financing arrangements for the core projects of the new airport and the airport railway. If the British side fails to complete the projects, it should provide sufficient funds to cover the unfinished projects.

All these arrangements are for the interests of Hong Kong as a whole and serve as a guarantee for the wallets of the Hong Kong people. If they are implemented, we are convinced that a modern airport can be completed in 1997 without causing an excessively heavy debt burden. So long as the British side does not deliberately raise obstacles, it will not be difficult to reach a supportive agreement on the financing arrangements for the Provisional Airport Authority and the Mass Transit Railway Cooperation.

In view of the British side's previous performance, the Hong Kong people have to heighten their vigilance and prevent what is written on paper from being distorted in implementation. It is the duty of the British side to act in accordance with the MOU and the Agreed Minute, put costs under control, complete the airport project as

scheduled, and promptly discuss changes in the project with its Chinese counterpart.

'Enormous' Sum Causes Concern

HK0511072694 Hong Kong EASTERN EXPRESS in English 5-6 Nov 94 p 1

[By staff reporter]

[FBIS Transcribed Text] The landmark signing of a financing agreement for the new airport yesterday was immediately overshadowed by fears about the project's impact on the economy. Construction of the airport and railway link is expected to heat up the building industry and labour market and send local prices spiralling.

While the deal marked the end of a two-year Sino-British dispute over the \$158 billion airport, the government's \$23bn funding request to the Legislative Council to start work on the railway link also triggered ripples of alarm. "The amount is so enormous I find it difficult not to worry about it," a Liberal Party spokesman, Steven Poon, said. The sum represents the total amount of government participation in the project.

As well, the signing of the long-awaited deal, greeted with scepticism by the political community, is unlikely to enable completion of the airport and its associated railway by the original deadline of 1997. Neither project is expected to be finished until 1998.

Economists, construction industry representatives, and government officials fear the agreement on financing will create intense demand for labour and construction materials. They predict that the resulting rise in costs will add as much as 1 per cent to inflation, which stands at just over 8 per cent.

The chief economist for Lehman Brothers Asia, Miron Mushkat, said: "It could push up inflation by 0.5 percent to 1 percent. We're already at 8 percent or 8.5 percent and if we shift to 9 percent, that's considerable."

Salomon Brothers' regional economist, Kevin Chan, predicted inflation levels could be pushed higher by half a percentage point.

The financial market greeted the news with lukewarm enthusiasm. The Hang Seng Index rose 38.44 points, or 0.4 percent, to 9,530.40 as the agreement was overshadowed by concerns about higher interest rates.

The "agreed minute" on the funding strategy for the \$158bn project was signed at a meeting of the Airport Committee yesterday morning by the British and Chinese team leaders of the SinoBritish Joint Liaison Group, Hugh Davies and Guo Fengmin.

The six-point strategy demands that the Government allocate \$60.3bn for the airport and airport railway, with borrowing for the two projects capped at \$23bn. The document also provides for an agreement on airport-related land use and measures of cost control.

As well, Britain and China undertook to agree on financial support deals for the Provisional Airport Authority and the Mass Transit Railway Corporation "as quickly as possible".

The present 3,000-member workforce at Chek Lap Kok is expected to be expanded to at least 20,000 by the end of 1995 or early 1996 to service a series of contracts.

Davies described the agreement as "success for Hong Kong." Guo said it was "a good thing" that "will benefit Hong Kong's airport development".

The Governor, Chris Patten, said the signing represented "an important step forward", but said it was not the end of the journey. "We don't want to pretend that with this agreement all our problems are at an end," Patten said. "We've still got decisions to make. We've still got problems which require cooperation if we're to tackle them successfully."

Legislators welcomed the deal but expressed caution and doubts. The Democratic Party, the largest voting bloc in Legco, called the agreement "bad and exorbitant."

The party's infrastructure spokesman, Albert Chan said: "There is no justification for the new financial arrangements. It is a package which sharply raises the equity injection upon strong pressure from Beijing." Poon, criticised the agreement for being vague and warned of future arguments over technical details.

Experts from both sides of the JLG will meet next Wednesday to settle outstanding issues, including the two financial support agreements, the Airport Corporation Bill, and airport-related franchises. The Financial Secretary, Sir Hamish Macleod, revealed that the Sino-British Land Commission will meet early next week to discuss details of the sale of 62 hectares along the 3 kilometre airport rail link.

Airport To Be 'Debt Free'

HK0611075594 Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MONEY) in English 6 Nov 94 pp 1, 3

[By Andrew Laxton and Simon Pritchard]

[FBIS Transcribed Text] Chek Lap Kok Airport will have paid off its \$158.2 billion price tag within four years of opening, according to government estimates. The huge increase in business travellers and tourists visiting Hong Kong because of the increased airport capacity meant that the project could be debt free by 2001, said John Burnett, deputy director of the New Airport Projects co-ordination office.

"Assuming the airport opens in 1997, the date for debt retirement and payment of dividend would be four years later," Mr Burnett said. "The throughput of passengers at Kai Tak has already reached its capacity of 26 million. The new airport will be able to facilitate 35 million passengers per year.

"The direct spin-off of that is every time an aircraft lands at Chek Lap Kok there are more potential businessmen or tourists, which means extra income for Hong Kong. The extra capacity in itself encourages people to come here and spend dollars."

After the Sino-British financing deal for the project was signed, a government spokesman played down concerns that more airport works would force up inflation in Hong Kong. "There is no reason why the airport and airport railway's combined private-sector borrowings of \$23 billion should have any inflationary impact," the spokesman said.

Fears that large increases in the manpower employed on the project would contribute to inflation were also overplayed, he said. "There should be no undue strain on the construction industry, because careful arrangements are already in place on the airport core programme for contractors to import labour as necessary." "This will offset the inflationary risks of excessive demand for local labour on the airport and airport railway projects."

The lion's share of the \$158 billion price tag would go towards importing equipment from outside Hong Kong, having no inflationary consequences for the domestic economy, said Ajay Kapur, regional strategist at UBS Securities. Of the labour component of the project, a very high percentage would be remitted to workers' home countries, negating inflationary pressure, he said.

Hong Kong's economy was likely to slow next year to below five per cent bringing a relief from inflationary pressure. In this case, the airport project would take in some of the slack that a slowing economy would provide, said Angus Armstrong, chief economist at Morgan Grenfell Asia Securities. He did not believe that inflation would increase from current levels as a result of the project.

As to likely strains on the local capital market and possible crowding out of private sector investment from the banking sector, the government spokesman said: "These borrowings should be accommodated without any pressure on capital markets. Bankers are well aware of the borrowings and will have made the necessary plans in their advanced planning." He said the \$23 billion debt requirement that the project would command was in fact much lower than had been originally planned for.

The Government claims the absence of the airport would mean economic losses to Hong Kong of \$3 billion in 1998, \$6 billion in 1999 and 2000 and \$10 billion in 2001.

"The bottom line is that the current airport cannot provide the standard of service and comfort that the community needs. When Kai Tak was built in the 1950s, Hong Kong was a Third World country—it is now one of the leading financial centres of the world," said Mr Burnett. Despite continuing scepticism among analysts of the cost benefit that the airport offers Hong Kong he

said: "How long can a place be an attractive financial centre if it is difficult to fly in and out? Undoubtedly the new airport will be one of Hong Kong's biggest earners."

At present, about 11,000 workers are employed on 10 interlinked projects associated with the airport programme.

Editorial Remains Skeptical

HK0511064294 Hong Kong EASTERN EXPRESS in English 5-6 Nov 94 p 15

[Editorial: "Future Must Confirm Worth of Deal"]

[FBIS Transcribed Text] The signing of the airport agreement yesterday is a positive development of a political farce that Hong Kong people have watched with pain and amusement for three years.

It was first hatched with a political motive, intended by Britain to boost the economic confidence in the future of the territory, which was shattered by the June 4 massacre in Beijing.

It was then seized upon by China to whitewash its international image, under economic boycott by Western powers, as the British Prime Minister, John Major, was prompted to go to Beijing to become the first Western leader to shake hands with Premier Li Peng and sign the Memorandum of Understanding.

Then came the most incredible saga of twists over financial arrangements. Beijing was convinced that the Fox of Albion's ultimate intention in building the most expensive airport in the world was, instead of bequeathing to Hong Kong the most spectacular dowry since Queen Cleopatra to spend every cent of the territory's foreign reserves.

The project then became a bargaining chip in China's hand to counter the political reforms of the Governor, Chris Patten. Rounds of noisy rows and silent impasses have marked this tedious drama.

But because the reform bill was passed by the Legislative Council [Legco] in June, closing a chapter in Hong Kong's constitutional history, the airport saga has not quite ended—as officials of both governments have warned.

There will be more challenges to the community's patience as details of the two financial support agreements need to be finalised by experts from both sides.

Legislators have reacted warily to the Government's immediate request for the fantastic amount of \$23bn for the Mass Transit Railway Corporation (MTRC), which follows the granting of \$715m earlier this year.

Legislators argued yesterday that they need more details about how the money will be spent.

Requesting such a record amount from Legco in one go blatantly exposes the government's embarrassment, as

well as China's cynicism. The agreement on such an important project was used as a political pawn and a mechanism of political brinkmanship and stretched to an outrageous degree. It is an agreement long overdue.

Apart from the limited buoyancy of the stock market and the financial community, rhetoric from Chinese and Hong Kong officials has not been encouraging. Not all Hong Kong reporters were allowed into the room where Davies and Guo signed their accord. The excuse was that the room was too small. It has been interpreted by pessimists as a sign of China's reluctance to let Britain drum up the occasion and to strike an optimistic note in its new tune for better harmony with Beijing.

Since Patten was seen as the initiator of the deadlock over the airport deal, the signing of the agreement should not be interpreted as a clear signal from China that it is willing to cooperate with Britain on all affairs other than constitutional development. Too many agreements, beginning with the Joint Declaration, have been signed by officials from both countries since 1984. In our memory, the celebrating crowd at each signing has been ostensibly smaller; the mood has looked less cheerful than the previous one. Written agreements have never provided the real answer.

With the conclusion of the basic agreement on the new airport, Britain should draw a lesson on Hong Kong problems that pre-date Patten. Impasse between Britain and China has been a norm of diplomacy. It is a symptom of the negotiating tactics of the two governments, particularly China's. Three years wasted on the new airport seems nothing compared with the 23 years Beijing was willing to spend normalising Sino-U.S. relations after 1955. However, as the relieved Hugh Davies and Ambassador Guo exchanged their pens as souvenirs after the signing yesterday, people do hope to see a new page turned on Hong Kong. The speech by the British Foreign Secretary, Douglas Hurd, on Thursday showed the subtle limits of his tolerance. He bluntly denied that the British were a handful of "carpetbaggers", as so painted by China in the past 10 years, seeking to "cut and run with the loot of Hong Kong."

Despite Hurd's repeated call for the renewal of cooperation, yesterday's signing of the minute agreement [Agreed Minute] was only half of the deal. Whether or not it can cement the belief that China and Britain can work on nonpolitical issues depends on the swift conclusion of the two financial support agreements to come. The urgency revealed in the government's request for funds for the MTRC has shown that when pressure comes, China and Britain can be shoved to make decisions. Since Patten is believed to want to fly back to London from Chek Lap Kok, let the poor man have that wish granted.

Editorial Welcomes Agreement

HK0511062094 Hong Kong SOUTH CHINA MORNING POST in English 5 Nov 94 p 14

[Editorial: "Blue Sky Emerging"]

[FBIS Transcribed Text] Hong Kong is in buoyant mood following yesterday's long-overdue signature of the "Agreed Minute" on financing the new airport. The political impasse seems to have been broken at last. Both sides have made compromises, although it is abundantly clear that the bulk of the concessions have come from the British team on behalf of the Hong Kong Government.

If all goes well, the detailed financial support agreements for the future Airport Authority (AA) and the Mass Transit Railway Corporation (MTRC) should be tied up soon. Agreement should be reached on the title, structure, and financial accountability of the AA, all of which are still in dispute. And the Sino-British Land Commission should have no difficulty deciding the speed at which the 62 hectares needed to build the railway and develop the land along its length should be released.

That, at least, is the theory. Yet the relatively cautious statements by both the British and Chinese team leaders reflected the fact that sighs of relief, not unbridled celebration, were the correct response to the Agreed Minute. The agreement has lifted a particularly dark corner of the political cloud overhanging Hong Kong but it has allowed only a chink of blue sky to emerge. More needs to be done just to dispel the gloom surrounding the airport. Even if that is achieved, as Chinese officials have reminded Hong Kong people over the past few days, the sky will remain overcast. It should not be assumed that Sino-British relations have improved to the point where Hong Kong's every wish will be fulfilled without further ado.

If the mood at the signing ceremony teetered between cautious optimism and measured despondency, however, it was because both sides recognise how much still remains to be done to conclude the airport financing arrangements alone. The inclusion in the agreement of morale-boosting notes stating that both sides have reached a common view on the principles for the use of land and that the Chinese side understands the importance of the MTRC and AA are valuable.

Earlier Disappointments

But they cannot obliterate the memory of the bitter disappointment at the results of the Airport Memorandum of Understanding (MOU) three years ago. Nevertheless, it would be wrong to exaggerate the doubts. The Agreed Minute is clearly more than just a goodbye present for the outgoing Chinese team-leader Guo Fengmin. Hong Kong's agreement, against the better judgment of many, to stump up not less than \$60.3 billion in equity and leave no more than \$23 billion to be borrowed by the two corporations is a gigantic commitment. It is an unusually conservative investment by Western standards but it is daring by any Mainland Chinese yardstick.

It is the equivalent of \$10,000 from every man, woman, and child in the territory, although the sum should come

from existing fiscal reserves and will not need to be raised through additional taxes.

Calming China's Fears

It is, however, not beyond the Government's means. It will still leave Hong Kong with sufficient reserves to guarantee that \$25 billion will be left in the kitty in 1997 as agreed in the MOU yet allow the Government to retain some flexibility in its spending plans.

However, at the same time, it should help calm China's fears that Britain intends to abscond with Hong Kong's riches or squander them on costly, long-term commitments to welfare spending or tax-cuts. The Government's room for manoeuvre in future spending will be considerably constrained.

Britain's undertaking that Hong Kong will budget for spending not completed before July 1, 1997 will also allay Chinese concerns that the post-1997 administration may be saddled with unforeseen debts.

Five years after Lord Wilson first announced what was then known as the Port and Airport Development Strategy (PADS), the airport at least seems to have been secured. The future of Hong Kong's port development seems barely further assured than it was in 1989—indeed Container Terminal 9, planned before the PADS was announced, has become mired in controversy. Meanwhile, although construction of the airport infrastructure has proceeded relatively smoothly, the years of Sino-British dispute had cast a pall over its future progress, increased costs, and delayed the date of completion to well beyond the original 1997 target.

But yesterday's signature has injected some welcome new certainty into the project. It may not have put the final seal on airport financing but it was a major political step in that direction. Whether a more comprehensive package will be reached "as quickly as possible," as the deliberately vague language of the Agreed Minute puts it, remains to be seen. But the betting must now be on a genuine effort by both sides to settle their remaining differences and get on with the job of completing the airport.

PRC 'Distrust' of Railway Body Threatens Airport Talks

HK0611074794 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Nov 94 pp 1, 2

[By Quinton Chan and Danny Gittings]

[FBIS Transcribed Text] Chinese distrust of the Mass Transit Railway Corporation (MTRC) has emerged as a major new stumbling block to an early resolution of the long-running airport saga ahead of further crucial talks this week. Beijing fears it is being kept in the dark about the operations of the expatriate-dominated MTRC and that the statutory corporation is being run as an "independent kingdom". "In Hong Kong, there are several

public companies where we have no idea what's going on, such as the MTRC," said a Chinese source. "We don't even know how they set their fares... these bodies are full of high-level expatriates."

Now Beijing is expected to use expert talks due this week to demand the Government spell out how it will monitor MTRC spending on the airport rail link. The talks were called to thrash out issues left unresolved by Friday's [4 November] signing of a minute on airport-funding arrangements.

Hopes that these could be settled within weeks evaporated yesterday as it emerged the two sides have yet to begin substantive discussions on the two financial support agreements (FSAs) needed to allow the airport and related projects to advance swiftly. A source close to the Chinese side said Beijing was not optimistic about reaching a quick agreement and expected the forthcoming talks to be difficult. Government sources admit a deal is unlikely before the end of the year, while one pro-China figure predicted it would take until February at the earliest.

Beijing will reveal its stance on the two FSAs, for the MTRC and Airport Corporation, during the talks on Tuesday and Wednesday. A source close to the Chinese side said Beijing would claim there are even fewer controls over the MTRC than the Airport Corporation, which Hong Kong and Macao Affairs Office chief Lu Ping has said is in danger of becoming an "independent kingdom". "We have no power to monitor the cost-effectiveness of the MTRC, they can do what they want," the source said. "China thinks it can oversee the Airport Corporation through the bill which will establish it. But the MTRC is already in existence as a statutory body."

It is understood the Chinese side will demand the MTRC set up a separate account for the airport railway, so giving Beijing more control over the corporation. China's fears have been fuelled by the Government's plans to put an application before legislators this week for \$23 billion in funds for the MTRC.

Treasury Secretary Donald Tsang Yam-kuen, who will take part in the talks, pledged to supply whatever information the Chinese wanted on the MTRC—but he saw no reason to suspect any lack of control over the corporation. "The MTRC is very transparent. It's a public corporation, exposed to the most critical scrutiny, which has won numerous awards for accountability, and has absolutely nothing to hide," he said. Mr Tsang said Friday's minute already gave China a role in monitoring the airport railway. He was confident both FSAs and the Airport Corporation Bill, which is also being discussed this week, would be finalised shortly but declined to set a deadline.

MTRC chairman Hamish Mathers expressed surprise at the Chinese concerns, noting the corporation had already built a strong working relationship with its mainland counterparts. "We haven't had any requests

for information, but we've nothing to hide and, if the future sovereign power wants to discuss something with us, we'd be only too happy to do so," he said.

Another airport official said the FSAs should be signed by the end of the year, but warned that some leftists were trying to tie the hands of mainland negotiators by whipping up concern over issues such as the control of the MTRC. Government sources said any delay beyond January would lead to higher costs.

But Airport Consultative Committee member Francis Cheung King-fung predicted the Airport Corporation's FSA would not be signed before February, and only after the passage of the Airport Corporation Bill through Legco. "If China signs the deal before the passage of the Bill, then it would lose all its bargaining power, and the British will be able to do what they want," he said.

And he believed the talks could become deadlocked over China's insistence on tighter monitoring of the MTRC. "It is legitimate for the Chinese to raise questions about the monitoring of the MTRC," he said. "The British should provide proposals on how to make sure the company spends its airport-railway funds well. Otherwise the talks will very likely be delayed."

Legislator and Preliminary Working Committee member Tam Yiu-chung said monitoring of statutory bodies such as the MTRC was a major concern of the Chinese side. "It is natural for Beijing think that such a body needs to be well monitored, especially when they will hold such a large amount of money, and after the stories of senior staff of the Provisional Airport Authority using public funds for vacations," he said.

Group To Urge APEC To Launch Free Trade Zone

HK0611075494 Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MONEY) in English 6 Nov 94 p 1

[By David Ibison]

[FBIS Transcribed Text] Hong Kong will urge fellow Asia Pacific Economic Co-operation (APEC) members to set an early deadline for region-wide free trade, said Secretary for Trade and Industry Brian Chau Tak-hay. Delegates representing APEC's 18 member nations will meet this week in Jakarta prior to United States President Bill Clinton's talks with fellow heads of state in the nearby city of Bogor.

For the first time in APEC's five-year history, the leaders are expected to set a deadline for the full implementation of free trade in the Asia-Pacific region. APEC think-tank the Eminent Persons Group has suggested a 2020 deadline while fellow advisory body the Pacific Basin Forum proposed a deadline of 2010.

Mr Chau said: "As far as we are concerned, 2020 represents the very outside limit. Hong Kong could

qualify for everything APEC stands for tomorrow." The territory's stance on the deadline places it at odds with China, which is cautious about any tariff reductions and has said it will not accept an APEC-imposed time limit.

"I don't think APEC should consider falling back on a flexible deadline or not setting a date. If there is no date APEC will have much less credibility. I hope (China) will be able to accept the broad goal," said Mr Chau. He said Hong Kong would blaze a trail for free trade at this week's meeting. "Hong Kong has an excellent record in promoting free trade. As we have no tariffs, we can talk about free trade without being accused of having any vested interests, so people listen to us," he said.

APEC members Malaysia, China and Japan have all expressed concerns over tariff reduction and have cautioned against rapid moves towards free trade. Mr Chau urged members to put their vested interests behind them and move towards agreement. "Obviously there are going to be differences, but I hope the dissenters will go along with the consensus," he said.

Mr Chau's sentiments were echoed by John Tsang, Assistant Director General of Trade at the Trade Department. "Hong Kong will be there as a shining example of how free trade works towards generating prosperity," he said. He said there were a number of difficulties facing delegates at this year's forum. "Up to now APEC meetings have avoided defining what free trade really is. As soon as they start trying to define it they will find 18 countries have 18 definitions, and it will be much harder to reach a consensus."

Mr Tsang said setting a deadline provided an essential goal for less-developed member states. "APEC needs a clear date to provide all striving members with a goal. Every country has its own domestic gripes and has to play to its home audience. But diversity is our strength. If the economies were all similar, then they would be in competition. But as they are all different, they can trade with each other," he said.

Mr Chau believed this year's meeting would be forced to reach general conclusions to ensure a consensus was reached, but he warned of difficulties in future. "At next year's meeting in Japan they are going to have to put some flesh on the bare bones of the broad goals. They will have to define free trade and detail how the goal is going to be achieved," he said.

Mainlanders Face 'Stricter' Post-1997 Entry Regulations

HK0711055894 Hong Kong HONGKONG STANDARD
in English 7 Nov 94 p 1

[By Wu Zhong]

[FBIS Transcribed Text] China will make it even harder for mainlanders to enter Hong Kong when it resumes sovereignty in 1997, according to sources close to Hong Kong affairs officials in Beijing.

Relevant government officials were given a briefing on stricter entry regulations to the territory during a recent meeting in Beijing. The plan was forwarded despite strong calls for easing controls on mainland migration to Hong Kong after 1997.

"Many mainlanders hope to migrate to Hong Kong, the 'paradise on earth' as some have called it, thinking that 1997 may be a big chance for them since Hong Kong will become part of China," one source said.

"Many local government departments and enterprises of all kinds wish to send more personnel to Hong Kong to run businesses and make money."

Such calls have become more frequent and stronger over the last year when Beijing started a nationwide propaganda campaign to promote the Basic Law and to reveal Governor Chris Patten's "ulterior motives".

The campaign accused Mr Patten of creating divisions among the people of Hong Kong, the sources said, adding that some even called for taking back the territory sooner. However, the stricter measures would rule out the possibility of easing controls on mainlanders coming to Hong Kong in the spirit of the "one country, two systems".

In fact, scrutiny and approval of applications to enter Hong Kong would become stricter afterwards so as to fully implement the latter idea of "two systems", sources quoted the briefing as saying.

Currently Chinese from the mainland may come to Hong Kong under four categories of permits. The first category is a One-Way Travel Permit issued to those who have been given the right to immigrate to the territory. At present, the quota for this category is 100 per day as agreed to by both the Chinese and Hong Kong governments.

The outline for stricter controls does not stipulate a major change in this category for the immediate years after 1997 based on Hong Kong's limited ability to accept new immigrants. Even if there were some changes, they would have to have the consent of the future Special Administrative Region (SAR) government since it will enjoy a high degree of autonomy, according to the sources.

The second category is Single Return Travel Permit issued chiefly for mainlanders to visit their Hong Kong relatives. The present quota for that permit is also about 100 per day. Its holders are not allowed to work in the territory and they usually can only have a stay of 15 to 30 days. There might be a slight increase in this category, sources said, since holders of such permits would have to return to the mainland in any case. Likewise, controls on mainland tourists coming to Hong Kong would not be tightened.

More problematic are the last two categories.

The third category covers holders of Chinese passports whose entry visas to Hong Kong were issued by the British government. Many of them came to work in companies established by Chinese investments. After 1997 when Hong Kong is part of China, this category will become invalid. Beijing was still formulating a solution for the existing British-issued permit holders, many of whom will still be in the territory at the time of hand-over, sources said.

The fourth category is Multiple Return Travel Permits, mainly issued in Guangdong province, originally to Chinese employees working in foreign-invested enterprises or joint-ventures in the province for the "convenience of work". But in recent years many holders of these permits come to Hong Kong to set up businesses.

No new permits would be issued unless in replacement of old ones and the quota would not be increased, the sources said.

United Front Work Chief Meets Hong Kong Visitors

OW0511175994 Beijing XINHUA Domestic Service in Chinese 1033 GMT 4 Nov 94

[By reporter Liu Shizhong (0491 0670 1813)]

[FBIS Translated Text] Beijing, 4 Nov (XINHUA)—Wang Zhaoguo, vice chairman of the National Committee of the Chinese People's Political Consultative

Conference and director of the CPC Central Committee's United Front Work Department, met a visiting delegation from the Liberal Democratic Federation of Hong Kong, led by its chairman F.K. Hu, in Beijing today.

Wang Zhaoguo welcomed the delegation's arrival, and expressed his appreciation for the federation's efforts in recent years to safeguard Hong Kong's prosperity and stability while upholding the principles of the "Sino-British Joint Declaration" and the "Basic Law."

Wang Zhaoguo said: China is only 970 days away from resuming the exercise of its sovereignty over Hong Kong. We have full confidence in Hong Kong's future. He said: Hong Kong's stability and prosperity are closely related to the mainland. Mainland China's deepening of reform and opening up, economic prosperity, and political stability provide a strong basis for maintaining Hong Kong's stability and prosperity. He said: Hong Kong's current achievements are the fruits of the Chinese people's wisdom and hard work. Therefore, we have every reason to believe that the people of Hong Kong will be able to administer Hong Kong efficiently after 1997.

Wang Zhaoguo said: Hong Kong's status is very special, being an international commercial, information, financial, and transportation hub, as well as Mainland China's window to the world. We believe that it will play this special role even better after 1997.

F.K. Hu said that the federation would continue its efforts to safeguard Hong Kong's stability and prosperity.

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